



REGIONAL WATER AUTHORITY
REGULAR MEETING OF THE BOARD OF DIRECTORS

Thursday, March 9, 2023 at 9:00 a.m.

**5620 Birdcage Street, Suite 110
Citrus Heights, CA 95610**

The public shall have the opportunity to directly address the Board on any item of interest before or during the Board's consideration of that item. Public comment on items within the jurisdiction of the Board is welcomed, subject to reasonable time limitations for each speaker. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the Authority's Administrative Office at the address listed above. In compliance with the Americans with Disabilities Act, if you have a disability and need a disability related modification or accommodation to participate in this meeting, please contact the Executive Director of the Authority at (916) 967-7692. Requests must be made as early as possible, and at least one full business day before the start of the meeting. The Board of Directors may consider any agenda item at any time during the meeting.

AGENDA

1. CALL TO ORDER AND ROLL CALL

2. PUBLIC COMMENT: Members of the public who wish to address the Board may do so at this time. Please keep your comments to less than three minutes.

3. CONSENT CALENDAR: All items listed under the Consent Calendar are considered and acted upon by one motion. Board Members may request an item be removed for separate consideration.

3.1 Approve the draft meeting minutes of January 12, 2023 regular board meeting.

3.2 Adopt Resolution No. 2023-01, A Resolution of the Regional Water Authority Setting the Location, Date, and Time of Regular Meetings of the Board of Directors through the end of the Fiscal Year 22-2023.

3.3 Adopt Resolution No. 2023-02, A Resolution of the Regional Water Authority Nominating David Wheaton to The Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority.

3.4 Adopt Resolution No. 2023-03, A Resolution of the Regional Water Authority Nominating Pamela Tobin to The Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority.

3.5 Authorize the Executive Director to enter into a Professional Services Agreement for the WEP Sacramento Regional Indoor Direct Install Project.

Action: Approve Consent Calendar

4. RWA STRATEGIC PLAN PRIORITIES

Discussion/Action: Jim Peifer, Executive Director

Action: Adopt Strategic Plan Priorities

5. RWA PRINCIPAL OFFICE LOCATION

Discussion/Action: Jim Peifer, Executive Director

Action: Approve 2295 Gateway Oaks Drive as the RWA Principal Office

Location; and Authorize the Executive Director to sign a lease for the proposed office location

6. LEGISLATIVE/REGULATORY UPDATE

Information: Ryan Ojakian, Manager of Legislative and Regulatory Affairs

7. WATER BANK PROJECT UPDATE

Presentation/Information: Trevor Joseph, Manager of Technical Services

8. EXECUTIVE DIRECTOR'S REPORT

9. DIRECTORS' COMMENTS

ADJOURNMENT

Next RWA Board of Director's Meeting:

May 18, 2023 9:00 a.m. at the RWA/SGA office, 5620 Birdcage Street Ste110, Citrus Heights. The location is subject to change.

Next RWA Executive Committee Meeting:

March 28, 2023, 1:30 p.m. at the RWA/SGA office, 5620 Birdcage Street, Ste. 110, Citrus Heights.

Notification will be emailed when the RWA electronic packet is complete and posted on the RWA website at: <https://www.rwah2o.org/meetings/board-meetings/>.

RWA Board of Directors

2023 Chair: Tony Firenzi

2023 Vice Chair: Brett Ewart

California American Water

Audie Foster, General Manager

Evan Jacobs, Operations Manager

Carmichael Water District

Ron Greenwood, Board Member

Cathy Lee, General Manager

Citrus Heights Water District

Caryl Sheehan, Director

Raymond Riehle, Director

Hilary Straus, General Manager (alternate)

Rebecca Scott, Principal Operations Specialist (alternate)

City of Folsom

YK Chalamcherla, Councilmember

Marcus Yasutake, Environmental/Water Resources Director (alternate)

City of Lincoln

Holly Andreatta, Councilmember

Chuck Poole, Water Facilities Supervisor (alternate)

City of Roseville

Pauline Roccucci, Councilmember

Scott Alvord, Councilmember (alternate)

Sean Bigley, Assistant Environment Utilities Director

Rich Plecker, Director of Utilities (alternate)

City of Sacramento

Lisa Kaplan, Councilmember

Brett Ewart, Water Policy & Regional Planning Supervising Engineer, Vice Chair

Michelle Carrey, Supervising Engineer (alternate)

Anne Sanger, Policy and Legislative Specialist (alternate)

Mai Vang, Councilmember (alternate)

City of West Sacramento

Martha Guerrero, Councilmember

William Roberts, Director of Public Works and Operations

City of Yuba City

Shon Harris, Councilmember

Diana Langley, City Manager

Del Paso Manor Water District

Gwynne Pratt, Board Member

Victoria Hoppe, Acting General Manager

El Dorado Irrigation District

Pat Dwyer, Director/Board President

Jim Abercrombie, General Manager

Brian Mueller, Engineering Director (alternate)

* Names highlighted in red are Executive Committee members

Elk Grove Water District <i>Tom Nelson</i> , Board Chair <i>Bruce Kamilos</i> , General Manager
Fair Oaks Water District <i>Randy Marx</i> , Board Member <i>Tom Gray</i> , General Manager
Georgetown Divide Public Utility District <i>Michael Saunders</i> , Board Member <i>Nicholas Schneider</i> , General Manager <i>Adam Brown</i> , Operations Manager (alternate)
Golden State Water Company <i>Paul Schubert</i> , General Manager <i>Ernie Gisler</i> , Capital Program Manager
Nevada Irrigation District <i>Ricki Heck</i> , Board Member <i>Karen Hull</i> , Board Member (alternate) <i>Greg Jones</i> , Assistant General Manager <i>Jennifer Hanson</i> , General Manager (alternate)
Orange Vale Water Company <i>Robert Hunter</i> , Board Member <i>Joe Duran</i> , General Manager
Placer County Water Agency <i>Robert Dugan</i> , Board Member <i>Tony Firenzi</i> , Director of Strategic Affairs, Chair <i>Andy Fecko</i> , General Manager, (alternate) <i>Mike Lee</i> , Board Member, (alternate)
Rancho Murieta Community Services District <i>Tim Maybee</i> , Director <i>Michael Fritschi</i> , Interim General Manager
Sacramento County Water Agency <i>Patrick Kennedy</i> , Supervisor <i>Michael Grinstead</i> , P.E. Principal Civil Engineer
Sacramento Suburban Water District <i>Bob Wichert</i> , Board Member <i>Dan York</i> , General Manager <i>Kevin Thomas</i> , Board Member (alternate)
San Juan Water District <i>Dan Rich</i> , Director <i>Greg Zlotnick</i> , Water Resources and Strategic Affairs <i>Ted Costa</i> , Board President (alternate)

RWA ASSOCIATES

Organization	Representatives
El Dorado Water Agency	<i>Lori Parlin</i> , Chair <i>Ken Payne</i> , General Manager (alternate)
Placer County	<i>Ken Grehm</i> , Director Public Works and Facilities <i>Jared Deck</i> , Manager Environmental Engineering
Sacramento Municipal Utility District	<i>Paul Lau</i> , General Manager/CEO <i>Christopher Cole</i> , Strategic Account Advisor <i>Ansel Lundberg</i> , ECC Specialist
Sacramento Regional County Sanitation District	<i>Mike Huot</i> , Director of Policy and Planning <i>Terrie Mitchell</i> , Manager Leg and Regulatory Affairs <i>David Ocenosak</i> , Principal Civil Engineer <i>Jose Ramirez</i> , Senior Civil Engineer
Sacramento Area Flood Control Agency	<i>Richard Johnson</i> , Executive Director
Yuba Water Agency	<i>Adam Robin</i> , Government Relations Manager <i>Willie Whittlesey</i> , General Manager

RWA AFFILIATE MEMBERS

Organization	Representatives
Black & Veatch	<i>David Carlson</i> , Vice president
Brown & Caldwell	<i>Paul Selsky</i> , Water Supply Planning, Vice president <i>LaSandra Edwards</i> , Civil Engineer <i>May Huang</i> , Engineer <i>David Zuber</i> , Vice President
GEI Consultants	<i>John Woodling</i> , Vice President, Branch Manager <i>Chris Petersen</i> , Principal Hydrogeologist <i>Richard Shatz</i> , Principal Hydrogeologist
HDR, Inc.	<i>Jafar Faghieh</i> , Water Resources Engineer <i>Ed Winkler</i> , Client Development Lead
Sacramento Association of Realtors	<i>David Tanner</i> , Chief Executive Officer <i>Christopher Ly</i> , Chief Operations Officer
Stantec	<i>Kari Shively</i> , Vice President <i>Vanessa Nishikawa</i> , Principal Water Resources Engineer <i>Yung-Hsin Sun</i> , Principal Engineer <i>Rebecca Guo</i> , Senior Associate Water Resources Engineer <i>Ibrahim Khadam</i> , Principal Engineer
West Yost Associates	<i>Charles Duncan</i> , President <i>Abigail Madrone</i> , Business Development Director <i>Kelye McKinney</i> , Engineering Manager I <i>Jim Mulligan</i> , Principal Engineer
Woodard & Curran	<i>Ali Taghavi</i> , Principal <i>Jim Graydon</i> , Senior Client Service Manager

Topic: Public Comment
Type: New Business
Item For: Information/Discussion
Purpose: Policy 200.1, Rule 11

SUBMITTED BY:	Jim Peifer Executive Director Ashley Flores, CMC Secretary	PRESENTER:	Jim Peifer Executive Director
---------------	---	------------	----------------------------------

EXECUTIVE SUMMARY

This is an information item to provide an opportunity for the Regional Water Authority Board of Directors to recognize or hear from visitors that may be attending the meeting or to allow members of the public to address the Board of Directors on matters that are not on the agenda.

As noted on the agenda, members of the public who wish to address the committee may do so at this time. Please keep your comments to less than three minutes.

STAFF RECOMMENDED ACTION

None. This item is for information only.

BACKGROUND

Public agencies are required by law to provide an opportunity for the public to address the RWA Board of Directors matters that are not on the agenda.

Topic: Meeting Minutes
Type: Consent Calendar
Item For: Action; Motion to Approve
Purpose: Policy 200.1, Rule 14

SUBMITTED BY: Ashley Flores, CMC
Secretary

PRESENTER: Jim Peifer
Executive Director

EXECUTIVE SUMMARY

This is an action item for the Regional Water Authority Board of Directors to review and consider approving the draft Minutes of the regular Regional Water Authority Board Meeting of January 12, 2023.

STAFF RECOMMENDED ACTION

A motion to approve the Minutes, as presented or amended.

BACKGROUND

The draft Minutes of the above referenced meetings are included with this Agenda. The Minutes reflect the RWA Policy 200.1 to document specific details on items discussed at the meetings.

The Executive Director may list on the agenda a "consent calendar", which will consist of routine matters on which there is generally no opposition or need for discussion. Examples of consent calendar items might include approval of minutes, financial reports and routine resolutions. Any matter may be removed from the consent calendar and placed on the regular calendar at the request of any member of the Board. The entire consent calendar may be approved by a single motion made, seconded and approved by the Board.

FINDING/CONCLUSION

Staff believes the draft of the presented Minutes correctly reflect the information shared and actions taken by the Board of Directors.

ATTACHMENTS

Attachment 1- Draft Meeting Minutes of the Regional Water Authority Board Meeting of January 12, 2023

1. CALL TO ORDER

Chair York called the meeting of the Board of Directors to order at 9:00 a.m. as a hybrid meeting. A quorum was established of 19 participating members present in person and via Zoom. Individuals who participated are listed below:

RWA Board Members

S. Audie Foster, California American Water
Ron Greenwood, Carmichael Water District
Cathy Lee, Carmichael Water District
Caryl Sheehan, Citrus Heights Water District
Ray Riehle, Citrus Heights Water District
Rebecca Scott, Citrus Heights Water District
Marcus Yasutake, City of Folsom
Bruce Houdesheldt, City of Roseville
Sean Bigley, City of Roseville
Pauline Roccucci, City of Roseville
Lisa Kaplan, City of Sacramento
Brett Ewart, City of Sacramento
Bill Roberts, City of West Sacramento
Diana Langley, City of Yuba City
Shon Harris, City of Yuba City
Gwynne Pratt, Del Paso Manor Water District
Jim Abercrombie, El Dorado Irrigation District
Sophia Scherman, Elk Grove Water District
Bruce Kamilos, Elk Grove Water District
Randy Marx, Fair Oaks Water District
Tom Gray, Fair Oaks Water District
Michael Saunders, Georgetown Divide Public Utility District
Nicholas Schneider, Georgetown Divide Public Utility District
Paul Schubert, Golden State Water Company
Joe Duran, Orange Vale Water Company
Robert Hunter, Orange Vale Water Company
Robert Dugan, Placer County Water Agency
Tony Firenzi, Placer County Water Agency
Kerry Schmitz, Sacramento County Water Agency
Patrick Kennedy, Sacramento County Water Agency

Dan York, Sacramento Suburban Water District
Kevin Thomas, Sacramento Suburban Water District
Greg Zlotnick, San Juan Water District
Ted Costa, San Juan Water District

RWA Associate Members

José Ramirez, SRCSD

RWA Affiliate Members

Charles Duncan, West Yost Associates

Staff Members

Jim Peifer, Josette Reina-Luken, Michelle Banonis, Trevor Joseph, Amy Talbot, Ashley Flores, Monica Garcia, Raiyna Villasenor, and Andrew Ramos, legal counsel.

Others in Attendance:

Anne Sanger, Paul Helliker, Andrew Garcia, Mateo Ramirez-Mercado, Craig Locke and Jay Boatwright

2. PUBLIC COMMENT

Paul Heliker, San Juan Water District, commented on new requirements for the reporting by water agencies.

3. CONSENT CALENDAR

A motion was made to approve the Consent Calendar as presented.

Motion/Second/Carried (M/S/C) Mr. Greenwood moved, with a second by Mr. Ewart, to approve the Consent Calendar. S. Audie Foster, California American Water, Ron Greenwood, Carmichael Water District, Caryl Sheehan, Citrus Heights Water District, Marcus Yasutake, City of Folsom, Pauline Roccucci, City of Roseville, Brett Ewart, City of Sacramento, William Roberts, City of West Sacramento, Diana Langley, City of Yuba City, Gwynne Pratt, Del Paso Manor Water District, Jim Abercrombie, El Dorado Irrigation District, Sophia Scherman, Elk Grove Water District, Randy Marx, Fair Oaks Water District, Nicholas Schneider, Georgetown Divide Public Utility District, Paul Schubert, Golden State Water Company, District, Robert Hunter, Orange Vale Water Company, Tony Firenzi, Placer County Water Agency, Kerry Schmitz, Sacramento County Water Agency, Dan York, Sacramento Suburban Water District and Greg Zlotnick, San Juan Water District voted yes. The motion passed 19-0.

Ayes- 19

Noes- 0

Abstained- 0

Absent- 3

4. APPOINTMENT OF BOARD SECRETARY

Mr. Peifer presented to the Board that based on the recommendations of the RGS Classification and Compensation Study that Board appoint the position of Executive Assistant as the Board Secretary to better balance the roles and responsibilities of the administrative staff.

A motion was made to appoint Ashley Flores, Executive Assistant, as Board Secretary.

M/S/C Mr. Schubert moved, with a second by Ms. Roccucci, to appoint Ashley Flores as Board Secretary. S. Audie Foster, California American Water, Ron Greenwood, Carmichael Water District, Caryl Sheehan, Citrus Heights Water District, Marcus Yasutake, City of Folsom, Pauline Rocucci, City of Roseville, Lisa Kaplan, City of Sacramento, William Roberts, City of West Sacramento, Diana Langley, City of Yuba City, Gwynne Pratt, Del Paso Manor Water District, Jim Abercrombie, El Dorado Irrigation District, Sophia Scherman, Elk Grove Water District, Randy Marx, Fair Oaks Water District, Nicholas Schneider, Georgetown Divide Public Utility District, Paul Schubert, Golden State Water Company, District, Robert Hunter, Orange Vale Water Company, Tony Firenzi, Placer County Water Agency, Patrick Kennedy, Sacramento County Water Agency, Dan York, Sacramento Suburban Water District and Ted Costa, San Juan Water District voted yes. The motion passed 19-0.

Ayes- 19

Noes- 0

Abstained- 0

Absent- 3

5. ELECT THE 2023 RWA EXECUTIVE COMMITTEE

The Board of Directors elected the following members to the 2023 Executive Committee:

- S. Audie Foster, California American Water
- Ron Greenwood, Carmichael Water District
- Caryl Sheehan, City of Citrus Heights
- Sean Bigley, City of Roseville
- Brett Ewart, City of Sacramento
- William Roberts, City of West Sacramento
- Michael Saunders, Georgetown Divide Public Utility District
- Bruce Kamilos, Elk Grove Water District
- Tony Firenzi, Placer County Water Agency

This action was combined with Agenda Item 6. ELECT 2023 RWA CHAIR AND VICE-CHAIR

6. ELECT 2023 RWA CHAIR AND VICE-CHAIR

The Board of Directors elected the 2023 Chair and Vice-Chair from the membership of the Executive Committee.

Tony Firenzi was elected as the 2023 Chair
Brett Ewart was elected as 2023 Vice-Chair

A motion was made to confirm the 2023 Chair and Vice-Chair of the RWA Executive Committee and the RWA Board of Directors

M/S/C Mr. Schneider moved, with a second by Mr. Firenzi, to elect the 2023 Chair and Vice-Chair of the RWA Executive Committee and the RWA Board of Directors. S. Audie Foster, California American Water, Ron Greenwood, Carmichael Water District, Caryl Sheehan, Citrus Heights Water District, Marcus Yasutake, City of Folsom, Bruce Houdesheldt, City of Roseville, Brett Ewart, City of Sacramento, Diana Langley, City of Yuba City, Gwynne Pratt, Del Paso Manor Water District, Jim Abercrombie, El Dorado Irrigation District, Sophia Scherman, Elk Grove Water District, Tom Gray, Fair Oaks Water District, Nicholas Schneider, Georgetown Divide Public Utility District, Paul Schubert, Golden State Water Company, Robert Hunter, Orange Vale Water Company, Robert Dugan, Placer County Water Agency, Patrick Kennedy, Sacramento County Water Agency, Dan York, Sacramento Suburban Water District and Ted Costa, San Juan Water District voted yes. The motion passed 18-0.

Ayes- 18
Noes- 0
Abstained- 0
Absent- 4

7. EXECUTIVE DIRECTOR'S REPORT

No comment.

8. DIRECTORS' COMMENTS

Robert Dugan, Placer County Water Agency, please remind constituents that the drought is not over.

Tony Firenzi, Placer County Water Agency, PCWA is holding a Strategic Plan Workshop on February 16, 2023 all are welcome.

Ron Greenwood, Carmichael Water District, CWD received a \$100,000 water smart grant for small efficiency programs. Thanked Dan York for his leadership skills as Board Chair and appreciated how he ran the meetings this past year.

Chair York thanked Jim Piefer, Andrew Ramos and RWA staff for their commitment and hard work. He congratulated the new RWA Chair and Vice-Chair.

ADJOURNMENT

With no further business to come before the Board, Chair York adjourned the meeting at 11:10 a.m.

By:

Chairperson

Attest:

Josette Reina-Luken, Secretary

Topic: Resolution 2023-01
Type: New Business
Item For: Consent Calendar
Purpose: Policy 200.1, Rule 3

SUBMITTED BY: Jim Peifer
Executive Director

PRESENTER: Jim Peifer
Executive Director

EXECUTIVE SUMMARY

This is an action item for the Regional Water Authority Board of Directors to review and consider approving the attached Resolution 2023-01.

STAFF RECOMMENDED ACTION

A motion to approve Resolution 2023-01 Setting the Location, Day, and Time of the Regular Meetings of the RWA Board of Directors for the Remainder of Fiscal Year 2023.

BACKGROUND

The Brown Act generally requires that a governing board set the Location, Day, and Time of its regular meetings in a resolution, policy or other document. The October 8, 2013 Amended and Restated Joint Exercise of Powers Agreement of RWA (JPA Agreement) states, in relevant part, "The time and place of regular meetings of the Board shall be determined by resolution adopted by the Board." Under current RWA Policy 200.1, Board meetings are held on the second Thursday of odd numbered months and begin at 9:00 a.m. Policy 200.1, Rule 3, currently and specifically states that RWA will hold its Board meetings at this date and time.

Both the Brown Act and Policy 200.1, Rule 3 authorize the Board of Directors or the Executive Committee to change the location, day, and time for regular meetings from time to time. In practice, RWA has developed a schedule for the upcoming year to avoid major meeting conflicts that is passed by the RWA Board at its first regular meeting of the calendar year. The current schedule of meetings for 2023 was passed by the RWA Board on January 12, 2023.

When the current regular meeting schedule was approved, it was unknown that the RWA would not be renewing the lease of its principal office location. The RWA Board, therefore, must consider where it should hold its meetings to accommodate the volume of the required in-person attendance of all of the Board of Directors' and other attendees.

Staff is proposing to adopt Resolution 2023-01 (Attachment 1) setting the time and place of regular meetings of the Board for the remainder of 2023 to be consistent with the JPA Agreement

Agenda Item 3.2



and to allow for holding regular meetings of the Board offsite; and 2) update the 2023 schedule for regular meetings of the RWA Board to include the updated locations.

The current RWA Board meeting schedule and the proposed locations are shown in the table below:

Current Approved RWA Board Meeting Schedule	Proposed Meeting Locations
May 18, 2023 – 9:00 a.m.	City of Roseville – Corp Yard
June 29, 2023 - 9:00 a.m.	Sacramento Regional County Sanitation District
September 14, 2023 - 9:00 a.m.	TBD
November 9, 2023 - 9:00 a.m.	TBD

FINDING/CONCLUSION

Adopting the proposed resolution will allow the Board to hold, in compliance with the Brown Act.

FISCAL IMPACT

None. RWA is utilizing its members' facilities at no additional cost.

ATTACHMENTS

Attachment 1- Resolution 2023-01

RESOLUTION NO. 2023-01

**A RESOLUTION OF THE REGIONAL WATER AUTHORITY
SETTING THE LOCATION, DATE, AND TIME OF
REGULAR MEETINGS OF THE BOARD OF DIRECTORS
FOR THE REMAINDER OF FISCAL YEAR 2023**

WHEREAS, the Regional Water Authority (RWA) is a local public agency subject to the Ralph M. Brown Act (Brown Act), which governs the meetings of local public agencies' governing boards;

WHEREAS, the Brown Act requires that a local public agency's governing board establish the time and place of its regular meetings "by ordinance, resolution, bylaws, or by whatever other rule is required for the conduct of business by that body" (Government Code § 54954);

WHEREAS, section 12 of the October 8, 2013 Amended and Restated Joint Exercise of Powers Agreement of RWA (JPA Agreement) states, in relevant part, "The time and place of regular meetings of the Board shall be determined by resolution adopted by the Board. A copy of such resolution shall be furnished to each Member and Contracting Entity;" and

WHEREAS, the Board of Directors desires to establish the schedule of its regular meetings for the remainder of 2023 to include locations offsite from the principal office location.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors hereby establishes that its regular meetings for the remainder of 2023 will be held at the following locations, dates, and times:

Current Approved RWA Board Meeting Schedule	Proposed Meeting Locations
May 18, 2023 – 9:00 a.m.	City of Roseville – Corp Yard
June 29, 2023 - 9:00 a.m.	Sac Regional County Sanitation District
September 14, 2023 - 9:00 a.m.	
November 9, 2023 - 9:00 a.m.	

BE IT FURTHER RESOLVED, that, pursuant to the JPA Agreement's section 12, the Board of Directors directs the Executive Director to furnish a copy of this resolution to each Member and Contracting Entity of RWA.

PASSED AND ADOPTED at a meeting of the Board of Directors of the Regional Water Authority held on March 9, 2023.

By: _____
Chair, Regional Water Authority

Attest: _____
Board Secretary, Regional Water Authority

CERTIFICATION I hereby certify that the foregoing Resolution was duly and regularly adopted by the Board of Directors of the RWA at the meeting held on March 9, 2023 motion by _____ [member name] and seconded by _____ [member name], motion passed by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Topic: Resolution 2023-02 Nominating David Wheaton to The Executive Committee of the ACWA-JPIA
Type: New Business
Item For: Consent Calendar
Purpose: Routine

SUBMITTED BY: Jim Peifer
Executive Director

PRESENTER: Jim Peifer
Executive Director

EXECUTIVE SUMMARY

This is an action item for the Regional Water Authority Board of Directors to review and consider approving the attached Resolution 2023-02.

STAFF RECOMMENDED ACTION

A motion to approve Resolution 2023-02 Nominating David Wheaton to The Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority.

BACKGROUND

The bylaws of Association of California Water Agencies Joint Powers Insurance Authority (ACWA-JPIA) require that in order for one of its Board of Directors to have a seat on its Executive Committee, they must first be nominated by their member agency. As RWA is a current member of ACWA-JPIA and participates in multiple ACWA-JPIA programs, they meet the criteria to nominate David Wheaton to the ACWA-JPIA Executive Committee.

Mr. Wheaton has served on the Citrus Heights Water District (CHWD) Board of Directors for five years and is currently serving as CHWD's Vice Chair. He is an alternate for this SGA Board. He is also currently serving on ACWA-JPIA's Workers' Compensation Program Committee.

FINDING/CONCLUSION

Adopting the proposed resolution will allow the RWA Board to nominate Mr. Wheaton to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority.

ATTACHMENTS

Attachment 1- Resolution 2023-02 Nominating David Wheaton to The Executive Committee of the ACWA-JPIA

RESOLUTION NO. 2023-02

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
REGIONAL WATER AUTHORITY
NOMINATING DAVID WHEATON TO THE EXECUTIVE COMMITTEE
OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY**

WHEREAS, the Regional Water Authority is a member district of the ACWA JPIA (JPIA) that participates in the JPIA's Liability Program and the other programs: Property, Workers' Compensation, or Employee Benefits; and

WHEREAS, the Bylaws of the JPIA provide that in order for a nomination to be made to JPIA's Executive Committee, the member district must place into nomination its member of the JPIA Board of Directors for such open position.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Regional Water Authority that it is a member of the ACWA JPIA Board of Directors, David Wheaton be nominated as a candidate for the ACWA JPIA Executive Committee for the election to be held during the JPIA's spring 2023 meeting.

BE IT FURTHER RESOLVED that the ACWA JPIA staff is hereby requested, upon receipt of the formal concurrence of three other member districts to affect such nomination.

BE IT FURTHER RESOLVED that the Board Secretary is hereby directed to transmit a certified copy of this resolution to the ACWA JPIA at P.O. Box 619082, Roseville, CA 95661-9082.

ADOPTED this 9th day of March 2023.

Tony Firenzi
Chair, Board of Directors

ATTEST:

Ashley Flores
Board Secretary

Agenda Item 3.4

Topic: Resolution 2023-03 Nominating Pamela Tobin to The Executive Committee of the ACWA-JPIA
Type: New Business
Item For: Consent Calendar
Purpose: Routine

SUBMITTED BY: Jim Peifer
Executive Director

PRESENTER: Jim Peifer
Executive Director

EXECUTIVE SUMMARY

This is an action item for the Board of Directors to review and consider approving the attached Resolution 2023-03.

STAFF RECOMMENDED ACTION

A motion to approve Resolution 2023-03 Nominating Pamela Tobin to The Executive Committee of the ACWA-JPIA.

BACKGROUND

The bylaws of Association of California Water Agencies Joint Powers Insurance Authority (ACWA-JPIA) require that in order for one of its Board of Directors to have a seat on its Executive Committee, they must first be nominated by their member agency. As RWA is a current member of ACWA-JPIA and participates in multiple ACWA-JPIA programs, they meet the criteria to nominate Pamela Tobin to the ACWA-JPIA Executive Committee.

Ms. Tobin has served on the San Juan Water District Board of Directors, an RWA member agency, since 2004. She has served as ACWA Chair of Region 4 Board in 2018-19 and is currently serving as ACWA President.

FINDING/CONCLUSION

Adopting the proposed resolution will allow the RWA Board to nominate Ms. Tobin to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority.

ATTACHMENTS

Attachment 1- Resolution 2023-03 Nominating Pamela Tobin to The Executive Committee of the ACWA-JPIA

RESOLUTION NO. 2023-03

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
REGIONAL WATER AUTHORITY
NOMINATING PAMELA TOBIN TO THE EXECUTIVE COMMITTEE OF
THE ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT
POWERS INSURANCE AUTHORITY**

WHEREAS, the Regional Water Authority is a member district of the ACWA JPIA (JPIA) that participates in the JPIA's Liability Program and the other programs: Property, Workers' Compensation, or Employee Benefits; and

WHEREAS, the Bylaws of the JPIA provide that in order for a nomination to be made to JPIA's Executive Committee, the member district must place into nomination its member of the JPIA Board of Directors for such open position.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Regional Water Authority that it is a member of the ACWA JPIA Board of Directors, Pamela Tobin be nominated as a candidate for the ACWA JPIA Executive Committee for the election to be held during the JPIA's spring 2023 meeting.

BE IT FURTHER RESOLVED that the ACWA JPIA staff is hereby requested, upon receipt of the formal concurrence of three other member districts to affect such nomination.

BE IT FURTHER RESOLVED that the Board Secretary is hereby directed to transmit a certified copy of this resolution to the ACWA JPIA at P.O. Box 619082, Roseville, CA 95661-9082.

ADOPTED this 9th day of March 2023.

Tony Firenzi
Chair, Board of Directors

ATTEST:

Ashley Flores
Board Secretary

Topic: Professional Services Agreement for the WEP Sacramento Regional Indoor Direct Install Project
 Type: Consent Calendar
 Item For: Action; Motion to Recommend Authorization by the Executive Director
 Purpose: Policy 300.2
 Impact: Routine

SUBMITTED BY:	Amy Talbot Regional Water Efficiency Program Manager	PRESENTER:	Amy Talbot Regional Water Efficiency Program Manager
---------------	--	------------	--

EXECUTIVE SUMMARY

This is an action item for the RWA Board to authorize the Executive Director to enter into a Professional Services Agreement for the Water Efficiency Program (WEP) Sacramento Regional Indoor Direct Install Project. The Executive Committee recommended this action item to the RWA Board for approval at their February 21st meeting as part of the consent calendar. There was no further discussion.

STAFF RECOMMENDED ACTION

A motion to authorize the Executive Director to enter into a Professional Services Agreement for the Water Efficiency Program (WEP) Sacramento Regional Indoor Direct Install Project.

BACKGROUND

RWA staff, through the regional Water Efficiency Program (WEP), is seeking support for the implementation of the Sacramento Regional Indoor Direct Install Project (Project). The goal of the Project is to replace high water use indoor fixtures (toilets, urinals, aerators and showerheads) with high efficiency models in multifamily residential and commercial/institutional properties located in disadvantaged community areas (DACs) as defined by the Department of Water Resources (DWR). The Project will fund both fixtures and labor at no cost to the participating customers or WEP suppliers. The geographic Project area includes DACs properties located within WEP suppliers' service areas. The Project timeline is March 2023-December 2024. **The Project budget is \$500,000 and 100% funded through DWR's Urban Community Drought Relief Grant.**

The scope of work for the Project includes the following tasks:

1. Marketing the Project to potential participating customers.
2. Site assessment, removal and disposal of old high water use fixtures, installation of new high efficiency fixtures, and customer installation tracking for reporting purposes.

Selection Process

According to RWA Policy 300.2 Professional Services Selection and Contracting Services, consulting and professional services that cost more than \$50,000 will generally be obtained through a competitive process by issuance of a Request for Proposals (RFP) or a Request for Qualifications, as determined by the Executive Director, and a contract for such services over \$150,000 will be subject to the approval of both the RWA Executive Committee and RWA Board of Directors.

RWA staff issued an RFP on January 4, 2023, to six consulting firms with known experience in conducting similar projects and/or professional ability to conduct similar projects (Table 1). RWA reached out to other suppliers in the state to obtain past outreach lists for similar projects to inform RWA's outreach list. The RFQ was also posted on the RWA website and distributed to the RWA e-blast list to those recipients requesting contracting opportunities. Proposals were due on February 1, 2023. The complete RFP document is located here: <https://rwah2o.org/request-for-proposal-rfp-sacramento-regional-indoor-direct-install-project/>.

Table 1: Direct Outreach for RFP Response

	Firm Name
1	Bottom Line Utility Solutions, Inc.
2	EchoTech Services, Inc.
3	Richard Heath & Association, Inc.
4	Synergy Companies
5	WaterWise Consulting, Inc.
6	Webers Water Conservation, Inc.

Proposals were received from three firms: Bottom Line Utility Solutions, Inc., Synergy Companies and Webers Water Conservation, Inc. For evaluation purposes, RWA staff developed a guidance framework for reviewing proposals: firm profile (10 points); staff qualifications (15 points); past experience and references (30 points); tasks (25 points); fee schedule (10 points), study expansion opportunities (5 points) and overall proposal quality (5 points) for a total of 100 potential points. The review panel included Linda Higgins, Placer County Water Agency; William Granger, city of Sacramento; Christian Punsal, City of Lincoln; Chris Nelson, Carmichael Water District and Amy Talbot, Regional Water Authority. Each organization assigned points to the above categories independently before discussing the scores at the February 13, 2023, review meeting to reach a final recommendation.

FINDING/CONCLUSION

After review and discussion of the proposals, Webers Water Conservation, Inc. received the highest average score (see Table 2 for more details). Webers Water Conservation presented a comprehensive task deliverables package that met the scope of the RFP with high quality fixture selections, demonstrated direct experience with similar projects, and presented a competitive fee schedule. Bottom Line Utility Solutions, Inc and Synergy Companies presented comparable packages in terms of task deliverables, past project experience and high-quality fixture selections; however, both were not as inclusive with per unit pricing structure, citing additional costs for

permitting, site inspections, etc. Costs were provided on a per unit basis (cost per toilet -fixture and labor, etc.) for varying brands, models, and labor assumptions.

Therefore, **the review panel recommends Webers Water Conservation, Inc. to the RWA Board as the selected consultant to assist RWA staff with the implementation of the Sacramento Regional Indoor Direct Installation Project.**

Table 2: Responding Firms' Review Panel Scores

	Firm Name	Points Awarded	Budget
1	Bottom Line Utility Solutions, Inc.	84.6	\$500,000
2	Synergy Companies	84.2	\$500,000
3	Webers Water Conservation, Inc.	89.1	\$500,000

FISCAL IMPACT

The Project is 100% grant funded. There is no fiscal impact to RWA or the WEP.

ATTACHMENTS

Attachment 1- Draft Professional Services Agreement with Webers Water Conservation, Inc.

Regional Water Authority Services Agreement

This Agreement is entered into as of the date last signed and dated below by and between Regional Water Authority, a local government agency ("RWA"), and Webers Water Conservation, Inc., a California based direct installation contractor ("Contractor"), who agree as follows:

1 Scope of Work

Contractor shall perform the work and render the services described in the attached Exhibit A (the "Work"). Contractor shall provide all labor, services, equipment, tools, material and supplies required or necessary to properly, competently and completely perform the Work. Contractor shall determine the method, details and means of doing the Work.

2 Payment

2.1 RWA shall pay to Contractor a fee based on:

___ Contractor's time and expenses necessarily and actually expended or incurred on the Work in accordance with Contractor's fee schedule on the attached Exhibit A.

X The fee arrangement described on the attached Exhibit A.

The total fee for the Work shall not exceed \$500,000. There shall be no compensation for extra or additional work or services by Contractor unless approved in advance in writing by RWA. Contractor's fee includes all of Contractor's costs and expenses related to the Work.

2.2 At the end of each month, Contractor shall submit to RWA an invoice for the Work performed during the preceding month. The invoice shall include a brief description of the Work performed, the dates of Work, number of hours worked and by whom (if payment is based on time), payment due, and an itemization of any reimbursable expenditures. If the Work is satisfactorily completed and the invoice is accurately computed, RWA shall pay the invoice within 30 days of its receipt.

3 Term

3.1 This Agreement shall take effect on the above date and continue in effect until completion of the Work, unless sooner terminated as provided below. Time is of the essence in this Agreement. If Exhibit A includes a Work schedule or deadline, then Contractor must complete the Work in accordance with the specified schedule or deadline, which may be extended by RWA for good cause shown by Contractor. If Exhibit A does not include a Work schedule or deadline, then Contractor must perform the Work diligently and as expeditiously as possible, consistent with the professional skill and care appropriate for the orderly progress of the Work.

3.2 This Agreement may be terminated at any time by RWA upon 10 days advance written notice to Contractor. In the event of such termination, Contractor shall be fairly compensated for all work performed to the date of termination as calculated by RWA based

on the above fee and payment provisions. Compensation under this section shall not include any termination-related expenses, cancellation or demobilization charges, or lost profit associated with the expected completion of the Work or other such similar payments relating to Contractor's claimed benefit of the bargain.

4 Professional Ability of Contractor

4.1 Contractor represents that it is specially trained and experienced, and possesses the skill, ability, knowledge and certification, to competently perform the Work provided by this Agreement. RWA has relied upon Contractor's training, experience, skill, ability, knowledge and certification as a material inducement to enter into this Agreement. All Work performed by Contractor shall be in accordance with applicable legal requirements and meet the standard of care and quality ordinarily to be expected of competent professionals in Contractor's field.

4.2 The following individuals are designated as key personnel and are considered to be essential to the successful performance of the work hereunder: individuals included in Exhibit A.. Contractor agrees that these individuals may not be removed from the Work or replaced without compliance with the following sections:

4.2.1 If one or more of the key personnel, for whatever reason, becomes, or is expected to become, unavailable for work under this contract for a continuous period exceeding 30 work days, or is expected to devote substantially less effort to the work than indicated in the proposal or initially anticipated, Contractor shall immediately notify RWA and shall, subject to RWA's concurrence, promptly replace the personnel with personnel of at least substantially equal ability and qualifications.

4.2.2 Each request for approval of substitutions must be in writing and contain a detailed explanation of the circumstances necessitating the proposed substitutions. The request must also contain a complete resume for the proposed substitute and other information requested or needed by RWA to evaluate the proposed substitution. RWA shall evaluate Contractor's request and RWA shall promptly notify Contractor of its decision in writing.

5 Conflict of Interest

Contractor (including principals, associates and professional employees) represents and acknowledges that (a) it does not now have and shall not acquire any direct or indirect investment, interest in real property or source of income that would be affected in any manner or degree by the performance of Contractor's services under this agreement, and (b) no person having any such interest shall perform any portion of the Work. The parties agree that Contractor is not a designated employee within the meaning of the Political Reform Act and RWA's conflict of interest code because Contractor will perform the Work independent of the control and direction of the RWA or of any RWA official, other than normal contract monitoring, and Contractor possesses no authority with respect to any RWA decision beyond the rendition of information, advice, recommendation or counsel.

6 Contractor Records

6.1 Contractor shall keep and maintain all ledgers, books of account, invoices, vouchers, canceled checks, and other records and documents evidencing or relating to the Work and invoice preparation and support for a minimum period of three years (or for any longer period required by law) from the date of final payment to Contractor under this Agreement. RWA may inspect and audit such books and records, including source documents, to verify all charges, payments and reimbursable costs under this Agreement.

6.2 In accordance with California Government Code section 8546.7, the parties acknowledge that this Agreement, and performance and payments under it, are subject to examination and audit by the California State Auditor for three years following final payment under the Agreement.

7 Ownership of Documents

All works of authorship and every report, study, spreadsheet, worksheet, plan, design, blueprint, specification, drawing, map, photograph, computer model, computer disk, magnetic tape, CAD data file, computer software and any other document or thing prepared, developed or created by Contractor under this Agreement and provided to RWA (“Work Product”) shall be the property of RWA, and RWA shall have the rights to use, modify, reuse, reproduce, publish, display, broadcast and distribute the Work Product and to prepare derivative and additional documents or works based on the Work Product without further compensation to Contractor or any other party. Contractor may retain a copy of any Work Product and use, reproduce, publish, display, broadcast and distribute any Work Product and prepare derivative and additional documents or works based on any Work Product; provided, however, that Contractor shall not provide any Work Product to any third party without RWA’s prior written approval, unless compelled to do so by legal process. If any Work Product is copyrightable, Contractor may copyright the same, except that, as to any Work Product that is copyrighted by Contractor, RWA reserves a royalty-free, nonexclusive and irrevocable license to use, reuse, reproduce, publish, display, broadcast and distribute the Work Product and to prepare derivative and additional documents or works based on the Work Product. If RWA reuses or modifies any Work Product for a use or purpose other than that intended by the scope of work under this Agreement, then RWA shall hold Contractor harmless against all claims, damages, losses and expenses arising from such reuse or modification. For any Work Product provided to RWA in paper format, upon request by RWA at any time (including, but not limited to, at expiration or termination of this Agreement), Contractor agrees to provide the Work Product to RWA in a readable, transferable and usable electronic format generally acknowledged as being an industry-standard format for information exchange between computers (e.g., Word file, Excel spreadsheet file, AutoCAD file).

8 Confidentiality of Information

8.1 Contractor shall keep in strict confidence all confidential, privileged, trade secret, and proprietary information, data and other materials in any format generated, used or obtained by the RWA or created by Contractor in connection with the performance of the Work under this Agreement (the “Confidential Material”). Contractor shall not use any Confidential Material for any purpose other than the performance of the Work under this Agreement, unless otherwise authorized in writing by RWA. Contractor also shall not disclose any Confidential Material to any person or entity not connected with the

performance of the Work under this Agreement, unless otherwise authorized in advance in writing by RWA. If there is a question if Confidential Material is protected from disclosure or is a public record or in the public domain, the party considering disclosure of such materials shall consult with the other party concerning the proposed disclosure.

8.2 Contractor, and its officers, employees, agents, and subcontractors, shall at all times take all steps that are necessary to protect and preserve all Confidential Material. At no time shall Contractor, or its officers, employees, agents, or subcontractors in any manner, either directly or indirectly, use for personal benefit or divulge, disclose, or communicate in any manner, any Confidential Material to any person or entity unless specifically authorized in writing by the RWA or by order of a court or regulatory entity with jurisdiction over the matter. Contractor, and its officers, employees, agents, and subcontractors shall protect the Confidential Material and treat it as strictly confidential in accordance with applicable law, RWA policies and directives, and best industry security practices and standards.

8.3 If any person or entity, other than RWA or Contractor, requests or demands, by subpoena, discovery request, California Public Records Act request or otherwise, Confidential Material or its contents, the party to whom the request is made will immediately notify the other party, so that the parties may collectively consider appropriate steps to protect the disclosure of those materials. The parties agree to take all steps reasonably necessary to preserve the confidential and privileged nature of the Confidential Material and its content. In the event that the parties cannot agree whether to oppose or comply with a disclosure demand, the opposing party may oppose the demand at its sole cost and expense, in which event the party favoring disclosure will refrain from disclosing the demanded Confidential Material until such time as a final agreement regarding disclosure is reached or, if an agreement is not reached, a judicial determination is made concerning the demand.

8.4 Unless otherwise directed in writing by the RWA, upon contract completion or termination, Contractor must destroy all Confidential Materials (written, printed and/or electronic) and shall provide a written statement to the RWA that such materials have been destroyed.

9 Compliance with Laws

9.1 General. Contractor shall perform the Work in compliance with all applicable federal, state and local laws and regulations. Contractor shall possess, maintain and comply with all federal, state and local permits, licenses and certificates that may be required for it to perform the Work. Contractor shall comply with all federal, state and local air pollution control laws and regulations applicable to the Contractor and its Work (as required by California Code of Regulations title 13, section 2022.1). Contractor shall be responsible for the safety of its workers and Contractor shall comply with applicable federal and state worker safety-related laws and regulations.

9.2 California Labor Code Compliance for Pre- and Post-Construction Related Work and Maintenance.

9.2.1 This section 9.2 applies if the Work includes either of the following:

9.2.1.1 Labor performed during the design, site assessment, feasibility study and pre-construction phases of construction, including, but not limited to, inspection

and land surveying work, and labor performed during the post-construction phases of construction, including, but not limited to, cleanup work at the jobsite. (See California Labor Code section 1720(a).) If the Work includes some labor as described in the preceding sentence and other labor that is not, then this section 9.2 applies only to workers performing the pre-construction and post-construction work.

9.2.1.2 “Maintenance” work, which means (i) routine, recurring and usual work for the preservation, protection and keeping of any RWA facility, plant, building, structure, utility system or other property (“RWA Facility”) in a safe and continually usable condition, (ii) carpentry, electrical, plumbing, glazing, touchup painting, and other craft work designed to preserve any RWA Facility in a safe, efficient and continuously usable condition, including repairs, cleaning and other operations on RWA machinery and equipment, and (iii) landscape maintenance. “Maintenance” excludes (i) janitorial or custodial services of a routine, recurring or usual nature, and (ii) security, guard or other protection-related services. (See California Labor Code section 1771 and 8 California Code of Regulations section 16000.) If the Work includes some “maintenance” work and other work that is not “maintenance,” then this section 9.2 applies only to workers performing the “maintenance” work.

9.2.2 Contractor shall comply with the California Labor Code provisions concerning payment of prevailing wage rates, penalties, employment of apprentices, hours of work and overtime, keeping and retention of payroll records, and other requirements applicable to public works as may be required by the Labor Code and applicable state regulations. (See California Labor Code division 2, part 7, chapter 1 (sections 1720-1861), which is incorporated in this Agreement by this reference.) The state-approved prevailing rates of per diem wages are available at <http://www.dir.ca.gov/oprl/DPreWageDetermination.htm>. Contractor also shall comply with Labor Code sections 1775 and 1813, including provisions that require Contractor to (a) forfeit as a penalty to RWA up to \$200 for each calendar day or portion thereof for each worker (whether employed by Contractor or any subcontractor) paid less than the applicable prevailing wage rates for any labor done under this Agreement in violation of the Labor Code, (b) pay to each worker the difference between the prevailing wage rate and the amount paid to each worker for each calendar day or portion thereof for which the worker was paid less than the prevailing wage, and (c) forfeit as a penalty to RWA the sum of \$25 for each worker (whether employed by Contractor or any subcontractor) for each calendar day during which the worker is required or permitted to work more than 8 hours in any one day and 40 hours in any one calendar week in violation of Labor Code sections 1810 through 1815.

9.2.3 If the Work includes labor during pre- or post-construction phases as defined in section 9.2.1.1 above and the amount of the fee payable to Contractor under section 2 of this Agreement exceeds \$25,000, Contractor must be registered and qualified to perform public work with the Department of Industrial Relations pursuant section 1725.5 of the Labor Code.

Contractor’s Public Works Contractor Registration Number: 1000816827

9.2.4 If the Work includes maintenance as defined in section 9.2.1.2 above and the amount of the fee payable to Contractor under section 2 of this Agreement exceeds \$15,000, Contractor must be registered and qualified to perform public work with the Department of Industrial Relations pursuant section 1725.5 of the Labor Code.

Contractor's Public Works Contractor Registration Number: 1000816827

d. Contractor may perform some of the Work pursuant to funding provided to the RWA by various federal and/or state grant and/or loan agreement(s) that impose certain funding conditions on RWA and its sub-recipients (the "Funding Conditions"). For any such Work, if RWA informs Contractor about the Funding Conditions, then Contractor agrees to determine, comply with and be subject to the Funding Conditions that apply to RWA's Contractors and contractors performing the Work, including, but not limited to, provisions concerning record keeping, retention and inspection, audits, state or federal government's right to inspect Contractor's work, nondiscrimination, workers' compensation insurance, drug-free workplace certification, and, compliance with the Americans with Disabilities Act and related State laws.

10 Indemnification.

10.1 Contractor shall indemnify, defend, protect, and hold harmless RWA, and its officers, employees and agents ("Indemnitees") from and against any claims, liability, losses, damages and expenses (including attorney, expert witness and Contractor fees, and litigation costs) (collectively a "Claim") that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of Contractor or its employees, agents or subcontractors. The duty to indemnify, including the duty and the cost to defend, is limited as provided in this section. However, this indemnity provision will not apply to any Claim arising from the sole negligence or willful misconduct of RWA or its employees or agents. Contractor's obligations under this indemnification provision shall survive the termination of, or completion of Work under, this Agreement.

10.2 This section 10.2 applies if the Contractor is a "design professional" as that term is defined in Civil Code section 2782.8. If a court or arbitrator determines that the incident or occurrence that gave rise to the Claim was partially caused by the fault of an Indemnatee, then in no event shall Contractor's total costs incurred pursuant to its duty to defend Indemnitees exceed Contractor's proportionate percentage of fault as determined by a final judgment of a court or final decision of arbitrator.

11 Insurance

Types & Limits. Contractor at its sole cost and expense shall procure and maintain for the duration of this Agreement the following types and limits of insurance:

<i>Type</i>	<i>Limits</i>	<i>Scope</i>
Commercial general liability	\$1,000,000 per occurrence & \$2,000,000 aggregate	at least as broad as Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 00 01) including products and completed operations, property damage, bodily injury, personal and advertising injury

Automobile liability	\$1,000,000 per accident	at least as broad as ISO Business Auto Coverage (Form CA 00 01)
Workers' compensation	Statutory limits	
Employers' liability	\$1,000,000 per accident	
Professional liability*	\$1,000,000 per claim	

*Required only if Contractor is a licensed engineer, land surveyor, geologist, architect, doctor, attorney or accountant.

11.1 **Other Requirements.** The general and automobile liability policy(ies) shall be endorsed to name RWA, its officers, employees, volunteers and agents as additional insureds regarding liability arising out of the Work. Contractor's general and automobile coverage shall be primary and apply separately to each insurer against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability. RWA's insurance or self-insurance, if any, shall be excess and shall not contribute with Contractor's insurance. Each insurance policy shall be endorsed to state that coverage shall not be canceled, except after 30 days (10 days for non-payment of premium) prior written notice to RWA. Insurance is to be placed with insurers authorized to do business in California with a current A.M. Best's rating of A:VII or better unless otherwise acceptable to RWA. Workers' compensation insurance issued by the State Compensation Insurance Fund is acceptable. Except for professional liability insurance, Contractor agrees to waive subrogation that any insurer may acquire from Contractor by virtue of the payment of any loss relating to the Work. Contractor agrees to obtain any endorsement that may be necessary to implement this subrogation waiver. The workers' compensation policy must be endorsed to contain a subrogation waiver in favor of RWA for the Work performed by Contractor.

11.2 **Proof of Insurance.** Upon request, Contractor shall provide to RWA the following proof of insurance: (a) certificate(s) of insurance evidencing this insurance; and (b) endorsement(s) on ISO Form CG 2010 (or insurer's equivalent), signed by a person authorized to bind coverage on behalf of the insurer(s), and certifying the additional insured coverage.

12 General Provisions

12.1 **Entire Agreement; Amendment.** The parties intend this writing to be the sole, final, complete, exclusive and integrated expression and statement of the terms of their contract concerning the Work. This Agreement supersedes all prior oral or written negotiations, representations, contracts or other documents that may be related to the Work, except those other documents (if any) that are expressly referenced in this Agreement. This Agreement may be amended only by a subsequent written contract approved and signed by both parties.

12.2 **Independent Contractor.** Contractor's relationship to RWA is that of an independent contractor. All persons hired by Contractor and performing the Work shall be Contractor's employees or agents. Contractor and its officers, employees and agents are not RWA employees, and they are not entitled to RWA employment salary, wages or benefits. Contractor shall pay, and RWA shall not be responsible in any way for, the salary, wages,

workers' compensation, unemployment insurance, disability insurance, tax withholding, and benefits to and on behalf of Contractor's employees. Contractor shall, to the fullest extent permitted by law, indemnify RWA, and its officers, employees, volunteers and agents from and against any and all liability, penalties, expenses and costs resulting from any adverse determination by the federal Internal Revenue Service, California Franchise Tax Board, other federal or state agency, or court concerning Contractor's independent contractor status or employment-related liability.

12.3 Subcontractors. No subcontract shall be awarded nor any subcontractor engaged by Contractor without RWA's prior written approval. Contractor shall be responsible for requiring and confirming that each approved subcontractor meets the minimum insurance requirements specified in section 11 of this Agreement. Any approved subcontractor shall obtain the required insurance coverages and provide proof of same to RWA in the manner provided in section 11 of this Agreement.

12.4 Assignment. This Agreement and all rights and obligations under it are personal to the parties. The Agreement may not be transferred, assigned, delegated or subcontracted in whole or in part, whether by assignment, subcontract, merger, operation of law or otherwise, by either party without the prior written consent of the other party. Any transfer, assignment, delegation, or subcontract in violation of this provision is null and void and grounds for the other party to terminate the Agreement.

12.5 No Waiver of Rights. Any waiver at any time by either party of its rights as to a breach or default of this Agreement shall not be deemed to be a waiver as to any other breach or default. No payment by RWA to Contractor shall be considered or construed to be an approval or acceptance of any Work or a waiver of any breach or default.

12.6 Severability. If any part of this Agreement is held to be void, invalid, illegal or unenforceable, then the remaining parts will continue in full force and effect and be fully binding, provided that each party still receives the benefits of this Agreement.

12.7 Governing Law and Venue. This Agreement will be governed by and construed in accordance with the laws of the State of California. The county and federal district court where RWA's office is located shall be venue for any state and federal court litigation concerning the enforcement or construction of this Agreement.

12.8 Notice. Any notice, demand, invoice or other communication required or permitted to be given under this Agreement must be in writing and delivered either (a) in person, (b) by prepaid, first class U.S. mail, (c) by a nationally-recognized commercial overnight courier service that guarantees next day delivery and provides a receipt, or (d) by email with confirmed receipt. Such notices, etc. shall be addressed as follows:

RWA:
Regional Water Authority
Attn: James Peifer
Regional Water Authority, 5620 Birdcage St # 180, Citrus Heights, CA 95610
E-mail: jpeifer@rwah2o.org

Contractor:
Webers Water Conservation, Inc.

Attn: Renee Lyn Piper
Webers Water Conservation, Inc., 243 Mangano Circle, Encinitas, CA 92024
E-mail: renee@weberswater.com

Notice given as above will be deemed given (a) when delivered in person, (b) three days after deposited in prepaid, first class U.S. mail, (c) on the date of delivery as shown on the overnight courier service receipt, or (d) upon the sender's receipt of an email from the other party confirming the delivery of the notice, etc. Any party may change its contact information by notifying the other party of the change in the manner provided above.

12.9 Signatures and Authority. Each party warrants that the person signing this Agreement is authorized to act on behalf of the party for whom that person signs. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute the same instrument. Counterparts may be delivered by facsimile, electronic mail (including PDF or any electronic signature complying with California's Uniform Electronic Transactions Act (Cal. Civ. Code, §1633.1, et seq.) or any other applicable law) or other transmission method. The parties agree that any electronic signatures appearing on the Agreement are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

Regional Water Authority:

Dated: _____

By: _____

James Peifer
Executive Director

Webers Water Conservation, Inc.:

Dated: _____

By: _____

Renee Lyn Piper
President

Exhibit A

Webers Water Conservation, Inc. will perform the following tasks as presented in the below proposal to complete the RWA Sacramento Regional Indoor Direct Install Project. The Project timeframe is March 2023 - December 2024 with a not to exceed budget of \$500,000. Changes to the Project schedule and scope require written consent of both RWA and Webers Water Conservation, Inc. It is acknowledged that the Project's \$500,000 budget is fully funded by California's Urban and Multibenefit Drought Relief Grant Program and has certain associated additional requirements outlined below. Additional funding may be provided by RWA and/or RWA Water Efficiency Program's local water suppliers to expand the Project scope with the written consent of both RWA and Webers Water Conservation, Inc.

Urban and Multibenefit Drought Relief Grant Program Requirements

This Project is 100% grant funded and therefore must adhere to the additional requirements listed below.

Licenses, Permits, and Insurance. The Contractor or their subcontractors shall be responsible for obtaining any and all permits, licenses, and approvals required for performing any work under this Agreement. The Contractor or their subcontractor will be responsible for observing and complying with any applicable federal, state, and local laws, rules, or regulations affecting any such work, specifically those including, but not limited to environmental, procurement, and safety laws, rules, regulations, and ordinances. Contractor shall provide copies of permits and approvals to DWR.

Labor Code Compliance. The Contractor agrees to be bound by all the provisions of the Labor Code regarding prevailing wages and shall monitor all contracts subject to reimbursement from this Agreement to assure that the prevailing wage provisions of the Labor Code are being met. Current Department of Industrial Relations (DIR) requirements may be found at: <http://www.dir.ca.gov/lcp.asp>. For more information, please refer to DIR's Public Works Manual at: <http://www.dir.ca.gov/dlse/PWManualCombined.pdf>.

Workers' Compensation. Contractor affirms that it is aware of the provisions of §3700 of the Labor Code, which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and Contractor affirms that it will comply with such provisions before commencing the performance of the work under this Agreement and will make its subcontractors aware of this provision.

Drug-Free Workplace Certification. Certification of Compliance: By signing this Grant Agreement, the Contractor, and its subcontractors, hereby certify, under penalty of perjury under the laws of State of California, compliance with the requirements of the Drug-Free Workplace Act of 1990 (Government Code §8350 *et seq.*) and have or will provide a drug-free workplace by taking the following actions:

- 1 Publish a statement notifying employees, contractors, and subcontractors that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees,

contractors, or subcontractors for violations, as required by Government Code §8355(a)(1).

- 2 Establish a Drug-Free Awareness Program, as required by Government Code §8355(a)(2) to inform employees, contractors, or subcontractors about all of the following:
 - a. The dangers of drug abuse in the workplace,
 - b. Grantee's policy of maintaining a drug-free workplace,
 - c. Any available counseling, rehabilitation, and employee assistance programs, and
 - d. Penalties that may be imposed upon employees, contractors, and subcontractors for drug abuse violations.
- 3 Provide, as required by Government Code §8355(a)(3), that every employee, contractor, and/or subcontractor who works under this Grant Agreement:
 - a. Will receive a copy of Grantee's drug-free policy statement, and
 - b. Will agree to abide by terms of Grantee's condition of employment, contract or subcontract.

Nondiscrimination. During the performance of this Agreement, Contractor and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex (gender), sexual orientation, race, color, ancestry, religion, creed, national origin (including language use restriction), pregnancy, physical disability (including HIV and AIDS), mental disability, medical condition (cancer/genetic characteristics), age (over 40), marital status, and denial of medial and family care leave or pregnancy disability leave. Contractor or its subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Contractor or its subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code §12990 (a-f) *et seq.*) and the applicable regulations promulgated there under (California Code of Regulations, Title 2, §7285 *et seq.*). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code §12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Contractor or its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

Acknowledgement of Credit and Signage. Grantee shall include appropriate acknowledgement of credit to the State for its support when promoting the Project or using any data and/or information developed under this Grant agreement. Signage shall be posted in a prominent location at Project site(s) (if applicable) or at the Grantee's headquarters and shall include the Department of Water Resources color logo and the following disclosure statement: "Funding for this project has been provided in full or in part from the Water Quality, Supply, and Infrastructure Improvement Act of 2014 and through an agreement with the State Department of Water Resources." The Grantee shall also include in each of its contracts for work under this Agreement a provision that incorporates the requirements stated within this Paragraph.

RWA (Grantee) will work with selected Contractor to ensure proper acknowledgement of credit will be included on all materials resulting from this project including the summary report and related public presentations.

Submitted to:

Regional Water Authority

February 1, 2023



Sacramento Regional Indoor Direct Install Project



Webers Water Conservation, Inc.

243 Mangano Circle, Encinitas, CA 92024

Phone: (858) 205-0143

Email: johnw@weberswater.com

weberswater.com



February 1, 2023

Regional Water Authority
5620 Birdcage Street, Suite 180
Citrus Heights, CA 95610

Dear Amy Talbot ,

Thank you for the opportunity to present this proposal for the Regional Water Authority's (RWA) Sacramento Regional Indoor Direct Install Project.

Outlined in this proposal you will find documentation that demonstrates Webers Water Conservation, Inc. (WWC) meets all qualifications required in RWA's Request for Proposal (RFP). WWC has reviewed, understands, and fully agrees to RWA's Standard Service Agreement presented with the RFP. We do not intend to use any subcontractors in the performance of this project.

The principals at WWC have over 16 years of experience working with water utilities in California on water conservation programs. Webers Water Conservation, Inc. is excited to present our vision and expertise for this project by:

- Providing unparalleled customer service and support to RWA, its associated agencies, and program participants;
- Deploying a Marketing & Outreach team, familiar with the service area, that will immediately generate project participation;
- Quickly and efficiently scheduling projects;
- Installing high-quality fixtures that deliver sustainable, measurable results;
- Communicating openly with RWA staff and its associated agencies;
- Continually updating RWA with reports and invoices;
- Completing all 2,140 installations well ahead of schedule;
- Delivering a program committed to water use efficiency that exceeds program objectives.

Webers Water Conservation, Inc. is registered with the State of California's Department of Industrial Relations as a Public Works Contractor, is certified as a Women Business Enterprise (WBE) by the CPUS's Supplier Clearinghouse, and is recognized by California's Department of General Services as a Small Business for Public Works and Small Business (Micro).

John Weber, Project Manager, can be contacted directly at (858) 205-0143 or johnw@weberswater to schedule a time to meet and further discuss the way WWC will be able to successfully fulfill the Regional Water Authority's program objectives.

Sincerely,

A handwritten signature in black ink that reads "Renee Lyn Piper". The signature is fluid and cursive.

Renee Lyn Piper, President
Webers Water Conservation, Inc. reneew@weberswater.com

Table of Contents



Cover Letter	2
Table of Contents	3
Contractor Profile.....	4
Staff Qualifications.....	7
Past Experience and References.....	8
Tasks.....	12
Task 1. Marketing and Outreach	12
Task 2. Eligibility and Interior Water Use Surveys	13
Task 3. Customer Service.....	14
Task 4. Permitting.....	15
Task 5. Fixtures	15
Task 6. Installation Services	16
Task 7. Toilet Recycling/Disposal.....	17
Task 8. Installation Inspections.....	17
Task 9. Project Reporting and Billing	17
Project Expansion Opportunities.....	20
Fee Schedule.....	22
Proof of Insurance	25
Attachment A.....	26
Attachment B.....	27
Attachment C	28
Attachment D.....	29

Contractor Profile

Webers Water Conservation, Inc.

Webers Water Conservation, Inc. (WWC) specializes in working with water utilities, property owners and real estate management organizations on plumbing fixture direct installation programs, commercial and residential water audits, and ensuring that the products and services provided deliver customer oriented, sustainable results. WWC officers, Renee Lyn Piper, President and John Weber, Secretary will oversee all aspects of RWA's Direct Install Project. Furthermore, they will ensure that RWA, its interest, and its associated agencies are represented with integrity and that all program objectives are achieved.

Webers Water Conservation, Inc.	
CLSB#	1080085 C-36 (Plumbing)
CA DIR#	1000816827
CA DGS ID#	2022702 SB(Micro) SB-PW
WBE VON#	21000202 (CPUC-Supplier Clearinghouse)

WWC's officers have over 16 years of experience working with water utilities throughout the State of California on water conservation programs. As a micro small business, our professional administrative staff works hand in hand with our technical installation team to deliver superior results. This team possesses the knowledge skills and ability necessary to successfully achieve RWA's customers service and water conservation goals for the Direct Install Project. The following is a sampling of organizations we have worked with:

- California American Water
- Golden State Water Company
- Regional Water Authority (indirectly)
- West Basin Municipal Water District
- Solano County Water Agency
- Meggit Defense Systems, Inc.
- City of Culver City
- Pride Industries
- Richard Heath and Associates
- Hospitality Ownership Groups
- Multi-Family Ownership Groups
- Single-Family Homeowners
- HOA / Mobile Home Organizations

WWC's primary office in Encinitas, CA will serve as the location for most administrative services including project scheduling, logistic organization, customer service, reporting, and invoicing. We will utilize our partners warehouse in Benicia, CA to support physical product inventory, logistical coordination, and to ensure fixture availability through the duration of the project.

WWC has a well-earned reputation for fulfilling commitments and delivering results. Contractual obligations have always been fulfilled by WWC without termination or default. WWC is a stable organization with the vision, financial strength, personnel and infrastructure required to successfully complete RWA's Project on time, and within budget to the highest professional standards.

WWC has negotiated agreements with the following groups and organizations in an effort to seamlessly provide the services in our proposal.

Contractor Profile

Niagara Conservation, Corp.

Niagara is the leading manufacturer of water conserving toilets, showerheads, and aerators. In 2009, they launched the game changing Niagara Stealth toilet that uses just 0.8 gallons of water per flush. The patented Stealth Technology® provides a powerful flush that is ultra-quiet and perfect for multifamily applications.

In 2022, Niagara disrupted the market by launching an even bolder and better performing “PRO Line” of toilets. This entire line is backed by Niagara’s industry leading 15 year warranty on internal tank components and a limited lifetime warranty on the vitreous china. (See **Attachment A**, warranty card for details)

As part of our collaboration with Niagara for RWA’s Direct Install Project, and in anticipation of installing many Niagara fixtures, Niagara has committed to ensuring enough toilets, showerheads, and aerators will be available in the local marketplace. Additionally, Niagara is dedicated to enhancing our customer service pledge by offering long-term support to customers that receive their toilets. On-site product training for maintenance teams will be available and larger properties will receive a supply of complimentary replacement parts to have on location.

All customers that receive Niagara fixtures will benefit from Niagara’s industry leading warranty, superb technical support team, and they will be able to order replacement parts, free of charge, through Niagara’s web portal: <https://niagaracorp.com/support/>



R.D. Kincaide, Inc.

R.D. Kincaide is a well-established manufacturer’s representative in Northern California and Nevada. In addition to representing Niagara Corp., R.D. Kincaide is also the representative for a number of ancillary plumbing supplies that will be used for fixture installations. R.D. Kincaide has a robust sales team that has long term relationships with key decision makers. This sales team will enhance WWC’s marketing and outreach efforts by providing clients with information on RWA’s Direct Install Project. R.D. Kincaide’s 8,000 square foot warehouse, conveniently located in Benicia, CA will help support and maintain a local inventory of fixtures and spare parts for the project.

Pace Supply, Corp.

Pace Supply, Corp. is a leading wholesale distributor of plumbing supplies in the Sacramento area and will serve as WWC’s primary retail partner for RWA’s Project. Pace has committed to having an in-stock supply of toilets, urinals, toilet seats, wax rings, water supply lines, and other parts that will be necessary for the Direct Install Project. In addition to maintaining stock of the necessary products at their five (5) Sacramento area locations, they will maintain a larger inventory of parts and fixtures at their distribution center in Stockton, CA. Product in the Stockton Distribution Center can be available on a same-day or next-day basis. In addition to having parts and fixtures available for this project, Pace can and will deliver fixtures directly to properties based on advanced scheduling and property needs. Pace Supply, Corp. has a motivated team of sales representatives that call on numerous customers throughout the Sacramento area, including multi-family properties, hospitality groups, school districts, government entities and a host of others. If approved by RWA, the Pace sales team will provide their clients with information on this project to assist with our marketing and outreach efforts. Additionally, Pace would be open to posting or having information on the program available for their customers at their retail locations.

Contractor Profile

Capstone Consulting Services, Inc.

WWC has retained the third-party services of Capstone Consulting Services, Inc. to ensure adherence with all Prevailing Wage and Labor Law requirements. When it comes to the State of California's Prevailing Wage and Labor Laws, a small innocuous mistake or oversight can lead to an entire project being brought to a halt, fines, investigations, and audits. That sounds horrible! WWC has never gone through anything like that and we intend to keep it that way. Therefore, we retained Capstone to protect our interests and the interest of all parties involved with RWA's Direct Install Project.

Capstone's services include:

- Determining the applicable prevailing wage;
- Confirming that proper wages are being paid;
- Producing compliant documentation such as DAS 140/142 apprenticeship forms, certified payroll reports, and electronic certified payroll;
- Ensuring labor laws and apprenticeship requirements are being followed;
- Collecting and reviewing supporting compliance documentation for accuracy prior to submission to labor compliance companies or State and Federal agencies;
- On-Site training for contractors;
- Expert assistance through DLSE investigations and complaints;
- OCIP & CCIP insurance reporting for public and private construction projects;
- Human Resources consulting.

Staff Qualifications

Renee Lyn Piper and John Weber, Principals, Webers Water Conservation, Inc.

Renee is a multifaceted powerhouse. Some call her a superhero. John is a workhorse who prides himself on attention to detail and his passion for excellence. Together Renee and John will oversee all aspects of projects administered by Webers Water Conservation, Inc. (WWC). This dream team has a demonstrated ability to lead, a demand for complete customer satisfaction and a knack for allocating resources that will result in delivering an outstanding and successful Direct Install Project for Sacramento's Regional Water Authority.

Renee Lyn Piper, President



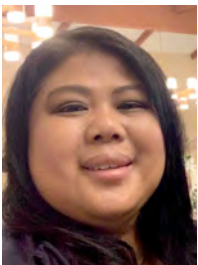
Renee earned a Bachelor's Degree from California State University, San Marcos in Nursing. She has over two decades of experience running client-oriented teams of results-focused professionals. Her experience in organizational oversight, multi-channel procurement, and achieving results in life altering situations has lead to her newest passion project, WWC. Her clients attest to her track record excelling in dynamic, demanding environments while remaining pragmatic and focused. In addition to overseeing all aspects of RWA's Direct Install Project, she will be an integral part of the marketing and outreach team, she will visit job-sites to inspect workmanship, visit with property managers to make sure her installation crews are providing courteous professional services, and of course she will ensure all safety precautions are being followed. And, there is a good chance she will deliver lunch and/or homemade cookies to the installation crews. Renee's most recent successes have included working on and securing program participants for projects with Golden State Water Company and Long Beach Water Department.

John Weber, Secretary/Project Manager



John will be WWC's Program Manager, Chief Point-of-Contact, and will report directly to RWA's Program Manager for the Direct Installation Project. It is anticipated that upwards of 75% of John's time will be dedicated to working directly on this project from inception through completion. Although the exact time ratio will fluctuate, John will dedicate the resources and staff necessary to fulfill our commitments to RWA and the Project. While working for a previous employer, John spent nearly 10 years working with several RWA member agencies on various direct install and leak detection programs. He has in-depth knowledge, notes, and contacts pertaining to existing toilet stock in several key areas. In addition to securing participants for the project, John will be responsible for scheduling, procuring product, and project reporting.

Chansamon Cruz, Senior Accountant/Bookkeeper



Chansamon is WWC's Senior Accountant and professional Bookkeeper. She has over 10 years of accounting experience in the construction industry. Her strong background in payroll, reconciling, accrual statements, and financial reporting helps maintain the companies financial strength and stability. Her attention to detail, commitment to excellence, and superb technical skills have proven extremely valuable to WWC and the clients we serve. Chansamon will review all reporting and billing, ensuring accuracy, before submitting to RWA. She will also coordinate with Capstone Consulting to ensure all certified payroll and associated forms and reports are accurate using QuickBooks, Excel, Word, and Outlook.

Alan Maple, Armando Bermudez, and Cesar Viramontez, The A-Team



These guys are truly AWESOME! That's why we refer to them as the A-Team. Each of these individuals have been professionally installing toilets for over 15 years. From single-family homes, to apartment buildings, to schools, to government institutions, even professional and semi-pro stadiums. They have successfully installed toilets and associated fixtures in almost any circumstance you can imagine. However, it goes beyond just installing fixtures. They are outstanding individuals and they provide the most amazing customer service. They are professional, they are courteous, and they go above and beyond the call of duty every day. They have in-depth experience working with apprentices. They understand how to welcome our apprentices to the job site, provide them with company uniforms, tools, and safety training. We do everything possible so that the time each apprentice spends with us helps lead to a successful career.

Past Experience and References

California American Water, Single-Family Water Coordination Program

Team:	Budget/Date:	References:
Webers Water Conservation, Inc. (Sub)	\$68,000.00	California American Water Patrick Pils, Sr. Mgr. Field Operations (619) 446-7483 patrick.pils@amwater.com 655 West Broadway, Ste. 1410 San Diego, CA 92101
Richard Heath & Associates (Prime)	August, 2021—December, 2022	Richard Heath & Associates Jacob Kearney, Project Manager (559) 214-1935 jkearney@rhainc.com 590 W. Locust Avenue, Ste. 103 Fresno, CA 93650

The objective of this program was to serve approximately 130 low-income California American Water (CalAm) customers throughout their San Diego District. All program goals, assessments, installations, and final reporting was completed by July, 2022, six (6) months ahead of schedule. The program included marketing and outreach to potential customers, scheduling and conducting preliminary assessments, and installing Premium High-Efficiency Toilets (0.8gpf).

Preliminary assessments included evaluating toilets for replacement eligibility. Existing toilets that used 1.6gpf or greater qualified to be replaced with new Niagara Stealth 0.8gpf toilets. Existing toilets that did not qualify for replacement were evaluated for potential leaks, including the use of a Dye Tab Test. Toilets exhibiting signs of leakage were further evaluated and leaks were repaired to the greatest extent practicable, including replacement of flappers and/or fill valves. Toilets that were not able to be repaired were reported to CalAm and considered for replacement on a case by case basis.

Each customer received a basic Outdoor Assessment and Meter Check. The assessment included a visual inspection of the exterior of the home to identify and notify homeowners of any apparent leaks along with recommendations for repairing any such leaks. Furthermore, we would identify, record, and notify customers if there was evidence of water wastage such as standing water, wet spots, or green patches in non-irrigated areas. When all installations and repairs were complete, we would ensure all water using appliances were not in use and we would conduct a Meter Check. If the meter showed signs of movement we would try to identify the source of the leak. We documented all findings and provide recommendations for repair.

Each program participant received a CalAm supplied giveaway kit that consisted of shower timers, a hose nozzle, high-efficiency showerheads, aerators, a copy of the Practical Plumbing Handbook, and a CalAm informational postcard. We provided homeowners with strategies on how to use water as efficiently as possible, explained the contents of the giveaway kit, and discussed the results of the assessment. If the customers received new toilets, we provided them with the manufacturer's warranty information, ways to obtain replacement parts, showed them how to register their new fixtures with Niagara, and gave them our warranty card with contact information should follow up service be needed.

Past Experience and References

Golden State Water Company, CII-MF Direct Install Project

Team:	Budget/Date:	References:
Webers Water Conservation, Inc.	\$250,000—\$500,000 Ongoing	Golden State Water Company Matt Puffer Water Conservation Analyst (909) 394-3600 mpuffer@gswater.com 460 East Foothill Boulevard San Dimas, CA 91773

In an ongoing partnership with Golden State Water Company, Webers Water Conservation, Inc. helps identify properties that have the potential for significant water savings by retrofitting old inefficient fixtures with new Premium High-Efficiency Toilets, along with showerheads and aerators. We present opportunities to Golden State for evaluation and approval. When a project is deemed feasible by Golden State, the fixtures and installation services are provided at no cost to the participants.

It is our goal at WWC to be flexible and to have the ability to adjust our services and pivot to fulfill whatever needs our partners may have. Golden State has numerous service areas throughout the state. Each service area has unique water conservation needs and requirements. Each service area also has a different client base with specific demands. As such, we collaborate with Golden State and find innovative ways to implement projects that meet the needs and fulfill the objectives necessary in specific areas.

Most recently we deployed a pilot project targeting smaller multi-family property owners. These types of properties often do not participate in direct install programs because the owners are insulated and difficult to reach. There are no on-site managers and most management companies do not share this type of information with the actual owner. We developed a way to contact the owners directly and presented them with an opportunity that they felt was too good to be true. In full disclosure, we feel that the initial phase of the pilot was only mildly successful. We were hoping for a greater number of participants. However, the clients that did take advantage of the opportunity absolutely loved the program, the products installed, and the water savings they are achieving. We look forward to working with Golden State on expanding this pilot, tweaking our approach, and launching the second phase.



Past Experience and References

West Basin Municipal Water District, Rain Barrel Delivery Services

Team:

Webers Water Conservation, Inc.

Budget/Date:

\$30,000.00

November, 2021 - February, 2022

References:

West Basin Municipal Water District
Gus Meza
Sr. Policy & Resources Analyst
(310) 660-6209
GusM@westbasin.org
17140 S. Avalon Boulevard
Carson, CA 90746

Webers Water Conservation was honored to be selected by West Basin Municipal Water District (WBMWD) to provide Rain Barrel Delivery Services through a public bid process in October, 2021. The goal of the project was to deliver 700 rain barrels to 500 customers, throughout WBMWD's 185 square mile service area that serves 17 cities along with several unincorporated areas.

WBMWD's Rain Barrel Delivery Program was developed due to the Covid-19 Pandemic. WBMWD felt it was important to maintain customer engagement and deliver the message of water conservation even though there were numerous restrictions with which we all had to comply. We could not gather for events, we were asked to enjoy outdoor activities with those that lived in the same household, and we were all going a bit crazy looking for something to do. Gus Meza at West Basin came up with a fantastic solution. Deliver customers a simple, outdoor, do-it-yourself project that helps save water, and instills a water conservation ethic. Thus WBMWD's Rain Barrel Delivery Program was born.

We collaborated with WBMWD to develop stringent Covid-19 safety protocols. We successfully delivered all rain barrels while maintaining social distancing and we are happy to report nobody came down with Covid-19 (during or due to the deliveries).

WBMWD procured the rain barrels and had them delivered to a secure facility operated by the water district. WWC scheduled deliveries, picked-up rain barrels, tracked deliveries, captured photos of each delivery, and provided participants with a parts kit that included installation instructions and information on WBMWD's various conservation programs.

The program objective was to deliver a minimum of 50 rain barrels per day. WWC successfully delivered over 100 rain barrels per day. Our ability to successfully deliver rain barrels more quickly and efficiently than required, allowed WBMWD to obtain additional funding and expand the program. This resulted in the delivery of more than 1,000 rain barrels in a three (3) month period.



Past Experience and References

John Weber, 2006-2020

For over 14 years John Weber served as the Director of Business Development for Southwest Environmental, Inc. He was a proactive Environmental Program Manager and gained extensive knowledge of residential and commercial water use efficiency practices and retrofitting principles. Some of his achievements include:

- Researching new technologies and methods to provide water conservation recommendations to water utilities, homeowners, and businesses;
- Promoting water use Efficiency to hundreds of multi-family ownership groups, businesses, and schools by giving comprehensive in-person presentations;
- Replying to RFPs from water utilities, securing over \$20,000,000 in funding for retrofit projects;
- Developing the company's Landscape Irrigation Auditing Program;
- Planning, managing, and implementing, strategies to successfully conduct pre-screening surveys;
- Scheduling and supervising toilet and urinal installation projects and landscape audits;
- Overseeing large scale fixture installations and ensuring compliance with Labor Law, Prevailing Wage, and all safety requirements;
- Compiling data and delivering final project reports to water utilities.

The following is a sampling of the organizations and conservation professionals that John has worked with:

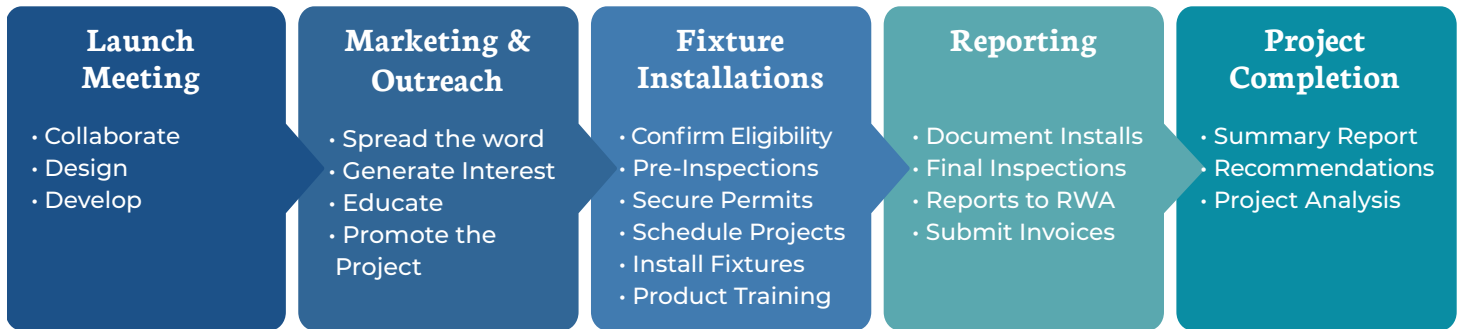
- Regional Water Authority, Amy Talbot
- City of Sacramento, William Granger
- Sacramento Suburban Water District, Greg Bundesen
- Solano County Water Agency, Andrew Florendo
- California Water Service Company, Ken Jenkins
- City of Santa Monica, Thomas Fleming
- A&N Technical Services, Inc., Dr. Thomas W. Chesnutt
- Valley Water, Karen Morvay Koppett
- Irvine Ranch Water District, Allan Pascual
- City of Santa Rosa, Claire Nordlie
- San Francisco Public Utilities Commission, Julie Ortiz
- Zone 7 Water Agency, Robyn Navarra
- Department of General Services, Florence Nonog
- Los Angeles Department of Water and Power, Mark Gentili
- Maureen Erbeznik and Associates, Maureen Erbeznik

If needed, contact information for any of these individuals or organizations will be happily provided upon request.

Tasks

Webers Water Conservation (WWC) encourages holding a “project launch meeting”. Topics for discussion during this meeting are noted below in Task 1: Marketing and Outreach.

The following graphic depicts the anticipated work-flow, highlighting the specific tasks necessary to fulfill the project agreement. WWC is committed to providing outstanding Customer Service to RWA, its associated agencies, and program participants through the duration of the program and beyond.



WWC will work diligently to deliver a completed project well ahead of the required timeline. Customer outreach and fixture installation will commence immediately upon being given a notice to proceed. We intend to install approximately 400 toilets/urinals per month, about 1,600 fixtures including showerheads and aerators. It is our goal to fulfill all contractual obligations by the end of 2023. This accelerated schedule will assist RWA and its associated agencies to achieve the primary goal of saving 281 million gallons of water over a 25-year lifetime.

Task 1: Marketing and Outreach

If selected as the contractor for RWA's Direct Install Project, WWC encourages holding a “project launch meeting”. Items for discussion that specifically pertain to the Marketing and Outreach section of our proposal would include the development of a “Participation Agreement,” creating various marketing and outreach materials, and collecting data to support RWA's ongoing **Toilet Saturation Study**. We would like to explore the options for an internet based landing page, promoting the project via social media, direct mailings (both email and snail mail), creating an informational flyer, and canvassing strategies.

WWC has extensive experience marketing direct install projects to multi-family and commercial/institutional (CI) properties. Marketing and outreach methods would include:

- Door-to-door site visits to multi-family and CI properties;
- Direct mailings (snail mail) and emails to property owners and managers;
- Reaching out to properties that previously showed interest in direct-install programs;
- Re-engaging with properties known to have qualifying fixtures;
- Contacting existing clients that own properties in qualifying DAC and SDAC areas.

Renee Piper and John Weber will serve as WWC's primary marketing and outreach team. They will dedicate at least 50% of their time visiting multi-family and CI properties. They will verify pre-qualification requirements, follow up on all leads, and secure the necessary approvals, permits, and participation forms.

With approval from RWA, WWC will also leverage relationships with our manufacturing and retail partners to help promote the project. These partners have agreed to allow their sales teams to distribute program information and engage their clients as part of their day-to-day sales activities.

Tasks

As an integral member of a team that previously provided direct-install services for RWA's programs, John Weber has extensive knowledge of the DAC service areas. He has notes and contact information for properties that should qualify for and be very interested in participating in this project. Reaching out to and visiting these properties will be part of the initial marketing and outreach phase of this project. Our experience shows that reconnecting with these property representatives will help kickstart the project and quickly generate fixture installations.

If RWA or any of its associated agencies have customers they would like us to contact in regards to this project, WWC will make those customer a priority.

Task 2: Eligibility and Interior Water Use Surveys

WWC has read and understands the property eligibility requirements for this project. We will conduct due diligence to ensure all program participants meet the program eligibility guidelines. When we have an eligible participant, we will present all documentation to RWA for confirmation of eligibility before commencement of work. **Verifying participant eligibility** will be completed by:

- Ensuring properties are in a DAC or SDAC census track as defined by the mapping tool presented in the RFP or as otherwise determined by RWA;
- Confirming properties are multi-family or CI and have at least five (5) dwellings or toilets/urinals in need of replacement;
- Conducting in-person pre-inspections to make sure existing fixtures meet the flow requirements for replacement; (Existing toilets must be at least 3.5gpf or be verified non-performing 1.6gpf)
- Obtaining copies of current water bills fore each property;
- Collecting signed Program Participation Forms;
- Securing permits as required.

As part of the Participant Verification process, WWC will conduct pre-inspections to gather information on the existing fixtures. WWC will measure the flow rates of toilets, urinals, showerheads, and aerators. If fixtures are eligible for replacement, we will work with the property representative to identify the best High-Efficiency fixtures to install for that specific property and the population it supports. We take into consideration residential or commercial implications, round, elongated, and ADA toilet bowls, special circumstances such as banjo counters and 10" rough-in requirements, and we look for and discuss any preexisting conditions that may prevent a successful installation or the ability of the existing infrastructure to support High-Efficiency fixture upgrades. In an effort to minimize disturbing residents, we typically pre-inspect about 10% of multi-family units. Depending on the configuration of CI properties, we typically pre-inspect 50%-100% of the restrooms.

When all information is gathered and RWA confirms that a site qualifies, WWC will coordinate an installation schedule with the property representative. We will accommodate the customer's preference and scheduling needs. We will work with our suppliers to procure the necessary fixtures and we will deploy our team of professional installers to get the job done. Prior to installing new fixtures, each fixture will be evaluated for retrofit eligibility. We will document and provide RWA with reports containing information on the existing fixtures including make and model, flow rates, and the dates fixtures were manufactured. Reports will also include corresponding information for the new fixtures. These data sets/reports will be inclusive of fixtures that qualify for retrofit and those that do not qualify. Only fixtures meeting program eligibility guidelines will be replaced. These **fixture eligibility requirements** include:

- Toilets: 3.5 gallons per flush or more (or verified non-performing 1.6gpf);
- Urinals: 1.5 gallons per flush or more;
- Showerheads: 2.5 gallons per minute or more;
- Kitchen and Bath Aerators: as appropriate.
- All new fixtures will carry the WaterSense Label and meet the Fixture Requirements discussed in Task 5

Tasks

Several methods for measuring the flow volume of existing toilets will be utilized. Initially, we look for markings on the bowl and tank that indicate a prescribed flow volume, i.e. 1.6/3.5. If no such markings are visible, we look for a date stamped on the inside of the toilet tank that indicates the year the fixture was manufactured. If we are able to identify a date stamp we assume toilets manufactured after 1994 are low-flow, and those with a date stamp before 1994 as 3.5gpf or greater. In an effort to provide as much data as possible to RWA, and even when markings are visible on toilets, we may utilize our T-5 Flushometer to get more precise measurements of the actual flush volume. We will work with RWA to determine methods and indicators that would represent a “nonperforming 1.6gpf toilet” and we will obtain authorization for any such replacements before new toilets would be installed.

Flushometer/commercial type toilets and urinals will be measured for flow volume by identifying visual indicators, measuring the length of time the fixtures flush or, if necessary, estimate flow rate based on the experience of looking at and identifying thousands of toilets and urinals over the course of a career. Most of these fixtures and associated flushometers have markings that indicate the prescribed flush volume. When markings are not available we turn to a timed measurement. Operating under normal pressure, a flushometer toilet using 1.6gpf will flush for about four (4) seconds, where as a 3.5gpf toilet will flush for about eight (8) seconds. Similar timing methods can be associated with urinals based on the size and style of the urinal.

Showerheads and aerators will also be evaluated for flow volume. If there are no markings on the fixtures indicating the flow rate, a flow-bag test will be conducted. This is performed by turning on the water at full volume, filling a flow-bag for ten (10) seconds, then multiplying the measured volume of water by six (6). The result represents the volume of water used, in gallons per minute (gpm).

All data collected will be compiled in a user-friendly format and reported to RWA.

Task 3: Customer Service

Customer service is ongoing and always a top priority for WWC. We are dedicated to providing RWA, its associated agencies and program participants, the highest level of customer service throughout and beyond the completion of the project. This is achieved by quickly and clearly responding to emails, phone calls, texts or other inquiries, providing effective solutions, having staff available to assist in whatever way is necessary, and planning and being prepared to deliver the products and services promised. We treat people with dignity and respect, we incorporate compassion and understanding in everything we do, and we are nice to people.

John Weber will serve as the primary point of contact for all customer service inquiries. His personal mobile phone number along with his email address will be provided to all stakeholders and program participants. He will be available to field calls virtually 24/7. He will also communicate via text message and/or email if that is the customers preference. He will respond to and/or return all calls, texts and emails as soon as possible. If he is not available for immediate assistance he will ensure that all communications are responded to within one business day. Bilingual assistance will be provided as needed. If this seems like a daunting task for one person, rest assured, John has the capacity to handle it. A few months ago, while managing a program for a water district his phone number was inadvertently published for a statewide program. He received over 500 calls in just a few days. He successfully communicated program details and routed customers to the correct point of contact. He did all this while maintaining relations and scheduling the customers for which WWC was responsible.

WWC will ensure that all program participants meet the specific program criteria as outlined in Task 2 (Eligibility and Interior Water use Surveys). Furthermore, we will provide customers with the information outlined in Tasks 5 and 6 (Fixture Information and Installation Services).

WWC will make all reasonable efforts to accommodate customers preferences and needs in regards to scheduling, including pre-installation site visits and surveys, as well as conducting fixture installation work. We will do everything possible to schedule each project within 30 days from when the customer requests installation unless otherwise requested by the customer. WWC will be solely responsible for obtaining all necessary permits, fees, and authorizations prior to starting any work. Scheduling of projects and fixture installations will be completed in a timely manner.

Tasks

WWC recognizes the necessity to provide exceptional and prompt follow-up support. Should customers require follow-up service we will work with them to ensure all issues are resolved to the complete satisfaction of the customer and RWA.

Every customer will be provided with WWC's Product and Service Warranty card. This card outlines our one year workmanship guarantee, it includes the date of fixture installation, the name of the installer, the make and model number of the fixtures installed, and has instructions for requesting follow-up support. We are more than happy to work with RWA to customize this Warranty Card for the specific purposes of this project. See sample Product and Service Warranty Card as **Attachment B**.

Task 4: Permitting

Prior to commencement of work, WWC will secure plumbing permits, as required, from various city and county planning and building departments for each proposed installation. WWC will also schedule all final inspections, as required, by city and/or county inspectors in accordance with the permitting process outlined by that agency.

WWC will provide a copy of the approved permit and final inspection, as necessary, with monthly invoices and applications.

Task 5: Fixtures

WWC is committed to providing products and services that function exceptionally well, remain in use for the duration of their lifecycle (25 years) and deliver reliable water savings. All products presented along with this proposal have a proven track record and will bear the aforementioned results.

All fixtures proposed carry the WaterSense Label, meet the required flow volumes, and the toilets meet or exceed the minimum acceptable MaP score of 600 grams.

WWC is pleased to present RWA with a program that will feature our exclusive White Glove Services along with innovative water conservation solutions. This package will deliver a system that seamlessly helps RWA achieve its goal of saving 281 million gallons of water over the next 25 years as well as help property owners improve their water use efficiency and lower their water bills.

Included with the Fee Schedule are fixtures that should accommodate most installation circumstances. If we come across a situation where it is determined that a property needs a fixture that is not include in the Fee Schedule, WWC will present RWA with alternate fixtures and pricing to accommodate such installations. WWC will not install alternate fixtures without the written consent of RWA. The Fee Schedule includes:

- 0.8gpf round, elongated and ADA toilet models (gravity flush)
- 1.1gpf round, elongated and ADA toilet models (gravity flush)
- 1.28gpf round, elongated and ADA toilet models (gravity flush)
- 1.0gpf elongated and ADA toilet models (pressure assist)
- 1.28gpf elongated and ADA, floor-mount, commercial flushvalve toilets
- 1.28gpf wall-hung, commercial flushvalve toilets
- 0.125gpf urinals
- 1.5gpf showerheads (wall-mount and handheld)
- 0.5-1.5gpm faucet aerators
- Angle Stop Replacement
- Flange Repair and Replacement

Tasks

WWC will be responsible for procuring, warehousing, maintaining inventory control, transporting, distributing, and installing all fixtures along with all ancillary parts. Materials include at a minimum:

- Toilets, urinals, flushvalves, seats, wax rings, brass flange bolts, water supply lines and angle stops
- Showerheads and Teflon tape;
- Variety of aerators to accommodate various faucet models

All internal toilet parts (or fully compatible alternative parts) are readily available from the toilet manufacturer or the manufacturer's representative, and are available at local area hardware stores or plumbing supply outlets. Specific locations, addresses, and phone numbers can be provided upon request. Parts are typically available at any Home Depot, Lowes, Pace Supply, and Ferguson locations.

Task 6: Installation Services

WWC, a C-36, California Licensed Plumbing Contractor (License # 1080085) will provide all fixtures and professional installation services for the duration of this project. All fixture installations will be per the manufacturer's recommendations and will meet all applicable codes and regulations. This includes ensuring all ADA requirements are fulfilled and installed according to code. WWC will secure all necessary inspections, permits, and authorizations prior to the commencement of any work.

All fixture installations shall be conducted by WWC employed plumbers wearing company issued uniforms. All work will be performed in a safe, courteous, and professional manner.

Installations will only take place under safe and normal conditions. Prior to performing any work, WWC will inspect each site to ensure that fixtures can be installed successfully, and that new fixtures will function properly. Both static and dynamic water pressure will be measured, mounting surfaces will be inspected, and the ability of the existing infrastructure to effectively remove waste with a reduced flow of water will be considered.

If a site is deemed to have abnormal conditions, the property owner or representative, and RWA will receive a written description of the items to be corrected. WWC will not be able to install new fixtures until all abnormal conditions are corrected by the property owner. If work is required to correct these issues, the property owner will have the option of declining participation, correcting the problem, or hiring WWC to make the repairs. If WWC makes the repairs for the customer, at the customer's expense, WWC will provide a copy of the paid invoice to RWA.

WWC guarantees all workmanship for a period of one year from the date of installation. (**See Attachment B:** WWC's Product and Service Warranty Card) Furthermore, WWC will work with participants to obtain manufacturers warranty services as needed through the duration of the manufacturers warranty.

WWC is familiar with and will abide by all Laws and Regulations pertaining to work performed under the scope of project. WWC will comply with all applicable federal, state, and local laws, rules and regulations affecting such work, specifically including but not limited to environmental, labor, prevailing wage laws, procurement and safety, relevant state laws and local ordinances for installing toilets, urinals, showerheads, and aerators.

WWC has retained Capstone Consulting Services, LLC., an industry leader in prevailing wage compliance. Capstone provides high-level support and knowledge in prevailing wage forms and requirements for publicly funded construction projects. They will assist with ongoing prevailing wage consulting to make sure that the correct wages are paid to all workers, that all state and federal forms are filled out correctly, and certified payroll reports are accurate and submitted on time.

All fixtures and installation services will be provided at no cost to participants. WWC will not in any way attempt to "up-sell" or charge participants for additional services. We will ensure all sites are left clean and clear of all debris, packing materials, and old fixtures.

Detailed cost information is included with this proposal and can be found in the **Fee Schedule**.

Tasks

Task 7: Toilet Recycling/Disposal

All old materials will be recycled/disposed of by a licensed and certified recycling/disposal company. WWC will provide RWA with documentation showing materials were recycled/disposed of and include such receipts along with invoices. All materials that can be recycled including vitreous china, ferrous metals, plastics, cardboard, and pallets will be recycled to the greatest extent possible.

Recycling/disposal work will be managed and conducted in a safe manner observing all necessary employee safety measures and legal requirements.

Task 8: Installation Inspections

It is understood that RWA will conduct random installation inspections. WWC will provide RWA with any and all contact information available to assist RWA in the scheduling of inspections. WWC also welcomes RWA or any of its representatives to visit job sites during fixture installations to observe the work being performed and to verify installations are being completed in accordance to the terms of the agreement. Also, as silly as it sounds, watching the crews install 20-50 toilets in one day is pretty cool and we are really proud of the work they do.

WWC further understands that any irregularities noticed in the course of the installation review or inaccurate or partially completed information on the application, will result in the processing of invoices to be suspended until the irregularity is remedied by WWC to the complete satisfaction of RWA.

Task 9: Project Reporting and Billing

WWC will maintain an up-to-date database of all program activity including customer contact information, pre-screening results, installation data, and other relevant details. This data will be provided to RWA on a monthly basis in a Monthly Project Report (Microsoft Excel) or as otherwise required by RWA. All information will be confidential. WWC will invoice RWA only for work completed.

REPORTING:

WWC will be responsible for reconciling all inspections, permitting, and recycling/disposal statistics, and provide it to RWA in a comprehensive Monthly Project Report. This report will include monthly and cumulative participating customer sites and installation information. The report will be submitted to RWA's Program Manager within five (5) working days of the close of each month. Monthly reporting will continue through the last fixture installation of the project. WWC will provide follow-up quarterly reports of participants requesting or receiving warranty (parts or labor) services for fixtures installed throughout the program.

Reporting data will include but is not limited to:

- Customer name, address, and phone number;
- Water Supplier, and customer account number(s);
- Site Survey Assessment;
- Number and types of fixtures installed;
- Make and Model of each fixture installed;
- Date of installation;
- Copy of project application;
- Permits and/or approvals (as necessary);
- Recycling/disposal receipts.

WWC understands that RWA may modify the reporting requirements in an effort to improve the reporting process.

Tasks

INVOICE BILLING:

On a monthly basis, WWC will invoice RWA for all installations completed during the previous billing period. Charges on the invoice will be on a per unit basis for each fixture installed in accordance with the charges quoted in the final agreement. In addition to the invoice, WWC will submit a Monthly Project Report listing each installation and any supporting documents. WWC understands that RWA reserves the right to withhold payments if WWC fails to meet the reporting, invoicing, or installation requirements. Furthermore, WWC understands that payment will be withheld until deficiencies are corrected to the complete satisfaction of RWA.

All data, documents, discussions, or other information developed or received by WWC in the performance of the agreement for the work will be the property of RWA and will not be disclosed to any person, except as authorized by RWA, or as required by law. All reports, documents, or other materials developed or discovered by WWC or any other person engaged directly or indirectly by WWC to perform services, shall be and remain the property of RWA without restriction or limitation upon their use.

FINAL REPORT:

WWC will prepare and submit a Final Report on or before December 31, 2024. This report will contain a comprehensive summary of all program activity, the number and type of fixtures installed, participation information, and be organized by the water supplier. In the event that the project is completed ahead of schedule, WWC will ensure the Final Report is submitted to RWA within four (4) weeks of the last fixture installation. In the event that the program is extended, the reporting deadlines may be modified by RWA.

DATABASE SUBMITTAL:

WWC will provide RWA with a copy of all databases/spreadsheets and all computer files generated by WWC related to the project on a monthly basis with each invoice and with the Final Report submission. RWA will provide an example of the preferred reporting format and contents to WWC prior to the start of the project. WWC understands that RWA reserves the right to modify the data required, based on a greater understanding of the project data collection needs and associated grant reporting requirements.

Tasks

Proposed Schedule

Webers Water Conservation, Inc. (WWC) is prepared to provide the services requested by the Regional Water Authority (RWA) and deliver sustainable water savings by administering the Sacramento Regional Direct Install Project. We will design, develop, and implement all phases of the program and begin conducting Interior Water Use Surveys and installing fixtures in April, 2023.

WWC will work directly with RWA to develop marketing and outreach materials, a Program Participation Form, and a system to quickly and efficiently qualify potential participants. WWC has the administrative staff and field personnel to successfully deliver a completed program by December 2023.

The below project schedule outlines the goals and tasks for the project as set forth by RWA.

PROGRAM SCHEDULE

Firm Selected by RWA	February 2023
Project Development (Marketing materials, forms, etc.)	March 2023
Selected Firm Approved by RWA Board	March 2323
Marketing and Outreach	April 2023—November 2023
Interior Surveys and Fixture Installations	April 2023—November 2023
Monthly Reporting	April 2023—December 2023
Final Project Report	January 2024

Project Component	2023												2024
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Firm Selected by RWA													
Program Development (marketing materials, forms, etc.)													
Selected Firm Approved by RWA Board													
Marketing and Outreach													
Interior Surveys and Fixture Installations													
Monthly Reporting													
Final Project Report													

WWC will develop and maintain meticulous data collection methods ensuring that all project activity is captured, clearly defined, and easily accessible. This database will be continually maintained, up-to-date, and provided to RWA as part of the Monthly Project Report or as requested by RWA.

WWC's commitment to customer service is always a top priority. We are dedicated to ensuring that RWA, its associated agencies, and project participants receive the highest quality and most expeditious customer service. When situations arise that require special attention, we guarantee that a resolution will be reached to the complete satisfaction of RWA and the project participant.

Project Expansion Opportunities

As a Small Business Enterprise (Micro), WWC prides itself on having the ability and willingness to quickly adjust the services we provide in order to fulfill the needs of the customers we serve, to expand upon project successes, and/or to experiment with new ideas and technology. The following are a few proven examples of project expansions that have resulted in additional water savings and customer engagement.

Promoting Project Successes/Bragging Rights:

Imagine this scenario: A water agency works really hard to get a project funded, approved, up and running, and finally implemented. Once the project is launched, the team works to find qualifying participants, and fixtures get installed. A plumbing contractor works at a property for a week, installs 100 toilets, says thank you, and moves on to the next set of installations. We are missing a HUGE opportunity. We just upgraded a property, for free, that will help them save over 1 Million gallons of water a year. Let's brag about this!

MANDY LOVE CREATIVE



Mandy Love is a Marketing and Design Specialist with over 18 years of branded product and design management experience. She excels at leading cross-disciplinary design teams and adds value by connecting people with brands in meaningful ways. Mandy is driven by new challenges and excels in marketing design, team building, conceptual thinking, strategy, art direction, developing project scope (budget, timelines, and schedules) and building client relationships.

Mandy Love Creative, does an outstanding job of designing promotional pieces that celebrate these successes. She would love the opportunity to work with RWA or any other stakeholders to design materials that promote and celebrate project achievements.

The possibilities are endless. These are completely customizable, simple, straight forward and effective.

- Formattable for print, social media, email, and/or websites;
- Share with tenants, residents, guests, other property owners;
- Acknowledge Credit;
 - » State Department of Water Resources
 - » Regional Water Authority
 - » Water Retailer
- Properties promote their water savings ;
- Photos and key statistics are specific to each property.

Attachment C is a sample of a **Mandy Love Creative** and WWC collaboration for a multi-family project. The property owner sent this piece to the residents as an explanation of the project and a "Thank You" for allowing plumbers into their homes. It was published on the properties website and social media feeds and they shared it with other property managers within the company portfolio.

Estimate: The cost to produce these types of pieces is approximately \$750, depending on specific requirements, content, and time spent on the project.

Project Expansion Opportunities

RAIN BARREL DELIVERIES:

WWC would be happy to work with RWA and/or any of the affiliated agencies to develop a Rain Barrel Delivery project. See page 10, West Basin MWD reference, for additional details. Actual water savings achieved by installing rain barrels is up for debate. However, it is a proven gateway to connect with your single-family customers and it is an opportunity to introduce them to other conservation programs, specifically related to outdoor water use and irrigation.

Estimate: The cost to deliver a rain barrel is typically between \$150-\$250 (cost of rain barrel and delivery charges). This estimate depends on the scope of work and the geographic areas to which the rain barrels would be delivered. Minimum order would be approximately 300 rain barrels.

TOILET FLOW MONITORING AND LEAK DETECTION:

It is estimated that at any given time, at least 20% of all toilets in the United States are leaking. Leaking toilets are the #1 cause of water loss for multi-family properties. Assuming this is true, which it probably is (when inspecting toilets for retrofit eligibility we typically noticed about 20% of them leaking), there is a huge opportunity for water savings.

It is said that necessity is the mother of innovation. It is essential that we find a way to identify and stop these leaks. Thankfully, technology has been developed to help us do just that. **Sensor Industries** developed patented technology that notifies property owners of leaking toilets even if tenants or guests do not report it. SI-Toilet and SI-Flood Sensors are installed on toilets or near water using appliances. These sensors are connected to a wireless mesh network and send notifications when there is a leak or a potential problem. Visit Sensor Industries website for detailed information: <https://www.sensorindustries.com/>

This is a great option to offer customers that have existing toilets that do not qualify for replacement. Even though we may not be able to install new fixtures for them, we can still provide them with solutions that help them save water.

Estimate: The technology cost is approximately \$150 per unit. Installation rates would depend on prevailing wage requirements and the volume of sensors being installed.

Fee Schedule

All costs are on a per unit basis and include interior residential and/or commercial surveys, WaterSense labeled High-Efficiency Toilets, urinals, showerheads, and faucet aerators, along with professional installation by WWC. Costs are concurrent for multi-family and commercial properties. Costs are all inclusive and cover administration, marketing, interior surveys, disposal/recycling, and installation at prevailing wage rates.

Toilet costs consist of toilet tank and bowl (or manual flushvalve for required commercial fixtures), toilet seat (round, elongated, or commercial), water supply line, wax ring, brass mounting hardware, permits and taxes. All prices quoted will be honored through the duration of the project or December, 31 2024.

WWC has been in discussions with our manufacturing and wholesale partners regarding the fixture requirements for RWA's project. Should WWC be selected as the contractor for this project, our partners have agreed to ensure an adequate supply of fixtures will be available in the local market place to meet the anticipated demand. With these agreements in place, we do not anticipate any delays in fixture installations due to external circumstances such as supply chain or manufacturing issues.

Included with the **Fee Schedule** are fixtures that should accommodate most installation circumstances. If we come across a situation where it is determined that a property needs a fixture that is not include in the Fee Schedule, WWC will present RWA with alternate fixtures and pricing to accommodate such installations. WWC will not install alternate fixtures without the written consent of RWA.

See Fee Schedule Chart on the following pages.

Fee Schedule

		Fixtures				Costs			
		Make	Model	Flow Rate	WaterSense Labeled	MaP Score	Product	Installation	Total
*Toilets	Gravity Flush	Niagara Shadow (Round/ADA)	C33.200.01	0.8gpf	YES	1,000g	\$249.22	\$217.00	\$466.22
		Niagara Shadow (Elongated/ADA)	C33.300.01	0.8gpf	YES	1,000g	\$258.62	\$217.00	\$475.62
		Niagara Sabre (Round)	C22.000.01	1.1gpf	YES	1,000g	\$249.63	\$217.00	\$466.63
		Niagara Sabre (Elongated)	C22.100.01	1.1gpf	YES	1,000g	\$252.99	\$217.00	\$469.99
		Niagara Sabre (Elongated/ADA)	C22.300.01	1.1gpf	YES	1,000g	\$274.05	\$217.00	\$491.05
		Niagara Liberty (Round)	C11.000.01	1.28gpf	YES	800g	\$189.47	\$217.00	\$406.47
		Niagara Liberty (Elongated)	C11.100.01	1.28gpf	YES	800g	\$199.24	\$217.00	\$416.24
		Niagara Liberty (Elongated/ADA)	C11.300.01	1.28gpf	YES	800g	\$218.29	\$217.00	\$435.29
		Niagara Stealth (Round Front)	N7716	0.8 gpf	YES	800 g	\$264.00	\$217.00	\$481.00
		Niagara Stealth (Elongated / ADA)	N7717	0.8 gpf	YES	800 g	\$277.20	\$217.00	\$494.20
		SSI No Clog II (Elongated/ADA)	Bowl: 301402 Tank: 301400	0.8gpf	YES	1,000g	\$247.00	\$217.00	\$464.00
		Pressure Assist	Gerber UltraFlush (Elongated)	GUL20312	1.0gpf	YES	1,000 g	\$370.18	\$260.00
	Gerber UltraFlush (Elongated/ADA)		GUL20318	1.0gpf	YES	1,000 g	\$382.18	\$260.00	\$642.18
	**Commercial	Sloan Floor Mount (Elongated)	ST-2009	1.28gpf	YES	1,000g	\$315.11	\$449.00	\$764.11
		Sloan Floor Mount ADA (Elongated)	ST-2029	1.28gpf	YES	1,000g	\$327.18	\$449.00	\$776.18
		Sloan Wall-Hung (Elongated)	ST-2459	1.28gpf	YES	1,000g	\$361.31	\$449.00	\$810.31
		Sloan Floor Mount Junior (Primary)	ST-2309	1.28gpf	YES	1,000g	\$375.24	\$449.00	\$824.24
		Sloan Manual (Toilet Flushvalve)	Regal 111-1.28	1.28gpf	YES	1,000g	Included with each Sloan bowl.		\$0.00
Urinals	Sloan (Retrofit Urinal)	SU-1209	.125gpf	YES	n/a	\$435.32	\$493.00	\$928.32	
	Sloan (Large Urinal)	SU-1009	.125gpf	YES	n/a	\$417.86	\$493.00	\$910.86	
	Sloan (Small Urinal)	SU-7009	.125gpf	YES	n/a	\$389.61	\$493.00	\$882.61	
	Sloan Manual (Urinal Flushvalve)	Regal 186-0.125	.125gpf	YES	n/a	Included with each Sloan urinal.		\$0.00	

Fee Schedule

	Fixtures					Costs		
	Make	Model	Flow Rate	WaterSense Labeled	MaP Score	Product	Installation	Total
Showerheads	Niagara Earth Wall-Mounted	N2915CH	1.5gpm	YES	n/a	\$7.92	\$15.00	\$22.92
	Niagara Earth Handheld	N2945CH	1.5gpm	YES	n/a	\$26.40	\$20.00	\$46.40
Aerators	Niagara (Bathroom Aerator)	N3210B-PC	1.0gpm	YES	n/a	\$2.96	\$10.00	\$12.96
	Niagara (Bathroom Aerator)	N3205N	0.5gpm	YES	n/a	\$2.96	\$10.00	\$12.96
	Niagara (Kitchen Aerator)	N3126P-C	1.5gpm	YES	n/a	\$9.24	\$13.00	\$22.24
	***Neoperl (Special Purpose Aerator)	TBD	0.5gpm	YES	n/a	\$11.88	\$18.00	\$29.88
Repairs	Flange Repair							\$105.00
	Angle Stop Replacement							\$75.00
Interior Survey		Included with each fixture installation.						\$0.00

*Most toilet models are available in a 10" rough-in configuration. In circumstances that require a 10" rough-in toilet, with RWA's approval, we can provide the 10" rough-in model at a rate equal to \$45.00 more than the rate quoted for a particular toilet model.

**For CI installations, when requested or required by a customer, and with approval from RWA, WWC may install "OR EQUAL TO" fixture models. I.e. instead of installing the quoted Sloan models, it may be necessary to install an equivalent Kohler, American Standard, or Zurn model. Cost, performance, quality and flush volumes will be the same as the quoted Sloan prices.

***If standard thread aerators will not accommodate a faucet, WWC, with RWA's approval, will to the best of its ability install aerators that will fit and provide the appropriate flow rate for the purpose of the faucet. I.e. vandal proof, Chicago thread, cachet style, laboratory faucets, etc.

Proof of Insurance

WWC has reviewed and understands the insurance and endorsement requirements presented in the RFP. **Attachment D**, included with our proposal, is proof of insurance. WWC respectfully requests RWA to accept our current policy with General Liability Limits of \$1,000,000 per occurrence and \$2,000,000 aggregate in lieu of the published requirement for General Liability Limits of \$2,000,000 per occurrence and \$4,000,000 aggregate.

Attachment A

NIAGARA® WARRANTY INFORMATION

Manufacturer's Limited Lifetime Warranty For Vitreous China Products.

PLEASE READ CAREFULLY AND RETAIN FOR YOUR RECORDS.

Niagara warrants its vitreous china products, excluding plumbing fittings and toilet tank trim products – (see specific warranty exclusions outlined below for these fill valve and flush valve assembly components) to be free from defects in materials or workmanship for the lifetime of this product to the original purchaser starting from the date of purchase. Niagara promises to provide a replacement vitreous china part for any vitreous china part of this product that proves upon our inspection and from the date of purchase, to be defective in material or workmanship. All labor for uninstalling and reinstalling and transportation costs or charges incidental to warranty service is to be borne by the owner. Niagara provides no warranties, written or oral, beyond those contained in this document.

EXCLUSIONS:

In no event shall Niagara be liable for incidental or consequential damages, for damages resulting from improper installation or for damages caused by handling, neglect, abuse or alteration. All implied warranties, including any warranty of fitness for any particular purpose of merchantability, or those that might arise from a course of dealing with the purchaser or usages of trade, are hereby disclaimed or excluded. Niagara warrants its toilet tank trim: fill valve and flush valve assembly and plumbing fittings products to be free from defects in material or workmanship for a period of fifteen* years from the date of purchase. Niagara promises to provide replacement toilet tank trim product that proves, upon our inspection and within fifteen (15) years from the date of purchase to be defective in material or workmanship.

All labor for de-installation and re-installation and transportation costs or charges incidental to warranty service is to be borne by the owner. Niagara shall not be responsible or liable for any failure or damage to its toilet tank trim, plumbing fittings or vitreous china products caused by the use of either chloramines or high concentration of chlorine, lime/iron sediments and/or other minerals not removed from public water during the treatment of public water supplies or caused by toilet tank type cleaners containing chlorine, calcium hypochlorite and/or other chemicals. Only those parts that were included in this toilet purchase are covered by warranty. If this purchase included a toilet seat, Niagara warrants the seat for one (1) year from date of purchase to be free from defect in material or workmanship.

**For Niagara branded products containing Stealth® Technology only. Toilets with Ecologic® Technology have a 10-year warranty on tank trim and lifetime on vitreous china.*

NOTE:

Some states do not allow limitations on an implied warranty, and some states do not allow exclusions or limitations regarding incidental or consequential damages, so the above limitations may not apply to you. This warranty gives you specific legal rights and you may have other rights which vary from state to state. No person is authorized to change, add to, or create any warranty or obligation other than set forth herein. This is our exclusive written warranty. To obtain warranty service or a copy of the product warranty, contact your local dealer and/or the contractor from whom you purchased this product.

WARRANTY REGISTRATION CARD

Purchaser's Name: _____

Address: _____

Phone: _____ Date Purchased: _____

Dealer Name: _____

Dealer Address: _____

Who installed the toilet? ☐ Plumber ☐ Self / Spouse ☐ Builder / New House ☐ Other

Please provide installer's name and address (optional): _____

IMPORTANT:

Warranty registration card must be completed and returned to Niagara's address below along with **proof of purchase** for warranty to become effective.

Niagara
ATTN: Customer Service Department
45 Horsehill Road, Suite 105
Cedar Knolls, NJ 07927

Attachment B

Name of Installer:

Installation Date:

Product and Service Warranty

We appreciate your business and thank you for choosing Webers Water Conservation for the installation of your High Efficiency fixtures. We guarantee workmanship on all installations for a period of one year from the original date of installation. If you believe that the devices installed have defects in material or workmanship, please contact Webers Water Conservation at www.weberswater.com or **(858) 205-0143** for assistance.

See reverse side of care for product installation information

Attachment C



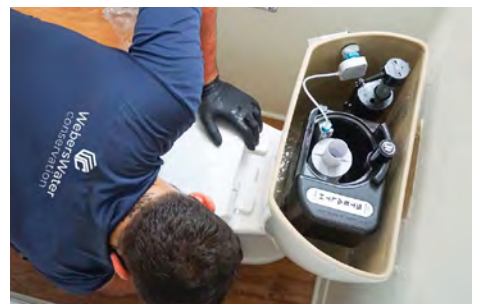
weberswater.com
(858) 205-0143



THANK YOU FOR CHOOSING WEBERS WATER CONSERVATION!

Small changes in the community make a big impact on the planet.

Thank you for selecting Webers Water Conservation as your provider for installation services at the Peppertree Apartments in Cypress. With their new toilets, showerheads, and aerators, we estimate that Peppertree will save more than **\$23,000 and 4,795 CCF (3.5 million gallons) of water a year!**



American Standard 1.6 GPF

Before we replaced the American Standard 1.6 gpf toilet, we used our T5 Flushmeter to get an accurate reading. We found the 1.6 gpf used 4.6 gpf of water.



Niagara 0.8 GPF

After we installed the Niagara 0.8 gpf toilet, we used our T5 Flushmeter to ensure it was using 0.8 gpf. We found the 0.8 gpf is using the targeted amount of water.

Webers Water Conservation, Inc. does not guarantee any water savings.

Estimated savings are based on the information provide and generally accepted industry averages obtained from epa.gov, census.gov, and energy.ca.gov.

CA License No: 1080085

Attachment D



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
1/23/2023

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Post Insurance Services Inc License #0551220 2356 Torrance Blvd Torrance CA 90501		CONTACT NAME: Stacey Tialavea PHONE (A/C, No, Ext): (310) 328-3622 FAX (A/C, No): (310) 328-6054 E-MAIL ADDRESS: stacey@postinsurance.com	
		INSURER(S) AFFORDING COVERAGE INSURER A: Allied World Surplus Ins Co	NAIC # 24319
INSURED Webers Water Conservation Inc 243 Mangano Circle Encinitas CA 92024		INSURER B: California Automobile Ins Co INSURER C: Sirius American Insurance Co INSURER D: INSURER E: INSURER F:	38342 28363

COVERAGES

CERTIFICATE NUMBER: 22 ALL

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:	X		5057608001	9/1/2022	9/1/2023	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COM/OP AGG \$ 2,000,000
B	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			BA040000069699	9/1/2022	9/1/2023	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED \$ RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	WC7920301	7/28/2022	7/28/2023	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
 Regional Water Authority is an Additional Insured on General Liability Policy.

CERTIFICATE HOLDER

CANCELLATION

Regional Water Authority 5620 Birdcage Street, #180 Citrus Heights, CA 95610	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE Dan Post/CASSIE
--	--

© 1988-2014 ACORD CORPORATION. All rights reserved.

ACORD 25 (2014/01)
 INS025 (201401)

The ACORD name and logo are registered marks of ACORD

Attachment D

POLICY NUMBER: 5057608001

COMMERCIAL GENERAL LIABILITY
CG 20 10 04 13

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – SCHEDULED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s)	Location(s) Of Covered Operations
Any person or organization to whom the Named Insured has agreed by a fully executed written contract that such person or organization be added as an Additional Insured, but only with respect to operations performed by or on behalf of the Named Insured and only with respect to occurrences subsequent to the making of such fully executed written contract otherwise covered by this insurance.	Where specified by fully executed written contract.
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and

2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or

Attachment D

POLICY NUMBER: 5057608001

2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.
- C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**
- If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:
1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

Topic: RWA Strategic Plan Priorities
Type: Unfinished; Old Business
Item For: Action
Impact: Fiscal/Budget

SUBMITTED BY: Jim Peifer
Executive Director

PRESENTER: Jim Peifer
Executive Director

EXECUTIVE SUMMARY

This is an action item for the Regional Water Authority Board of Directors to receive a presentation summarizing feedback from a Strategic Plan Prioritization Survey from the members and to consider staff proposed priorities for the upcoming fiscal year.

STAFF RECOMMENDED ACTION

A motion to approve Strategic Plan Priorities for Fiscal Year 2023/2024.

BACKGROUND

The RWA Board of Directors approved the Strategic Plan in August 2020. The Strategic Plan lays out a number of goals and objectives that allow for the RWA to achieve our mission: To serve, represent and align the interests of regional water providers and stakeholders for the purpose of improving water supply reliability, availability, quality and affordability.

The Board of Directors modified Policy 400.4 last year which requires the RWA to set RWA priorities as follows: The Executive Director Shall lead the following procedure to set priorities for the coming year:

1. The Executive Director shall solicit input on the strategic plan and/or other priorities from the members.
2. The input from members shall be reviewed by the Executive Director, staff and the Executive Committee.
3. The Executive Director shall propose strategic plan and/or other priorities to the Executive Committee.
4. The Executive Committee should propose the priorities to the Board for adoption.

Member feedback from the survey placed a high priority on the completion of the Sacramento Regional Water Bank and assisting in obtaining funding for our member's projects. Feedback suggested support for the communications objective of: "With one voice, raise RWA's profile and credibility through outreach efforts to targeted audiences." Member feedback suggested a desire for the RWA to continue with legislative advocacy, regulatory advocacy, and various subscription programs the RWA offers.

Agenda Item 4



The Executive Committee received a presentation at the January 31st Executive Committee meeting on the survey results and the staff proposed strategic plan priorities. The Executive Committee met on February 21st to recommend the priorities below to the Board of Directors.

Proposed Priorities

Proposed strategic plan priorities from the Executive Committee for the Board's consideration are below:

- **Communication and Outreach**

Priorities for our Communication and Outreach program include:

- Educate and secure support from local policymakers and other stakeholders regarding the Water Bank and other RWA priority issues. Communications support includes facilitating receptions, tours and briefings.
- Develop a Regional Coalition of Business Leaders led by a core group of organizations whose members heavily rely on an uninterrupted and reliable water supply who can support RWA in its advocacy. With core group formed, focus on educating and recruiting local, state and federal officials, and community leaders (civic and business). Communications support also provided by Integrated Communications and includes developing relationships and creating tools such as PPTs.
- Develop a Statewide Recharge Coalition of water providers and interested stakeholders to elevate groundwater recharge as priority pathway to fulfilling California's water supply reliability, environmental and equity goals. In doing so, the ultimate goal is to secure state funding for recharge projects. This may include co-sponsoring legislation. Communications support may include the following: new web page on the RWA website, media outreach, creating factoids for social media, social media advertising, op-eds, fact sheet, tools for RWA members, etc.).
- Build Local Support for Funding to Implement the American River Voluntary Agreement by involving and keeping key stakeholders informed about ongoing discussions with state agencies.
- Pursue additional funding sources via secondary and longer-term opportunities (potential 2024 bond measure, and Reclamation, for example).

- **Sacramento Region Water Bank (SRWB) Development**

Significant effort will go into advancing the water bank this year including outreach, governance development and the preparation of a project description and draft environmental documents. It is possible the environmental documents will be complete in early Fiscal Year 2024/2025, but they will be substantially developed in the coming fiscal year.

- Engage in Scenario Development.
- Preparation of a project description and draft environmental documents.
- Advocate for external public investment in SRWB and River Arc.

- **Water Use Efficiency (WUE) Program**

While the WUE program was not identified by the members as a top priority, the staff believes the WUE program should continue to be a priority of the RWA. The program allows the members to jointly participate in a program that reduces members costs from its economy of scale, provides a forum for the WUE staff of the member agencies to learn from one another and from the RWA staff on how to comply with regulatory requirements. A key strategic benefit of the program is a positive perception within the State that our region is advancing solutions for WUE that are consistent with State goals that simultaneously work for our members. The program provides strategic value with other water policy, funding, or regulatory requirements.

- Prepare and staff the Water Use Efficiency Program. Activities will be presented to the Board of Directors after the development of the program committee.

- **Regulatory and Policy**

This item relates to two general areas: Surface water regulation and management which is covered in the recently adopted Common Interest Management Services (CIMS) services agreement and the development of Water Use Efficiency regulations. The members that participate in the CIMS program appear to have a high degree of satisfaction with the program and would like to see it continued. The focus of the program will be:

- Continue to seek positive outcomes from the initiation of the Reclamation's Biological Opinion process.
- Continue to advance the Voluntary Agreement process in a way that is beneficial to the participating members and our region.
- To protect our members' interests in the development of the Delta Conveyance Project.
- To build Federal Partnerships with the RWA and federal agencies including Reclamation.
- To assist the CIMS members as necessary.

- **Legislative**

RWA staff will be active in legislative activities including working to enact Recharge and Recovery Legislation (as approved by the Executive Committee in December 2022), taking positions and advocating on priority bills (yet to be determined), and to participate in the development of a Water Bond initiative, or other water infrastructure funding methods. A priority will be to build partnerships to advocate for RWA needs.

- Advocate for legislation that establishes a state goal to increase recharge and recovery capacity of the state, either by sponsoring a bill or participating in the development and passage of a bill.
- Advocate on Priority Bills (TBD).

Agenda Item 4



- Participate in the development of a water bond or other legislative funding vehicle.
- Building state partnerships including the River Arc partners.
- **Sacramento Groundwater Authority**

The RWA provides staffing and administrative services to the SGA. The work relating to the SGA will include the North American Subbasin groundwater sustainability plan implementation and activities that fall outside compliance with the Sustainable Groundwater Management Act compliance such as coordination of the Regional Contamination Issues Committee.

 - Continue with SGMA Compliance (Groundwater Sustainability Plan Implementation).
 - Continue with Non-SGMA (Regional Contamination Issues Committee, Conjunctive Use Optimization, Monitoring and Data Collection, Grant Implementation).
- **RWA Administrative Services**

There are a number of back office functions that need to occur, such as paying bills, making payroll, etc., that could be characterized as “taking care of business.” This should be a priority and should include the following:

 - Receive a clean audit for both the RWA and SGA
 - Complete accounting functions
 - Prepare Budgets for RWA and SGA
 - Office Management
- **Valuable Partnerships**

The RWA should be able to support the member agencies should an opportunity arrive that brings value to the RWA. An example would be to support groundwater substitution transfers.

 - GW Substitution Transfers

The acquisition of funding for member’s projects will continue, mostly through legislative advocacy and through the Common Interest Management Services (CIMS) program in the year to come. The funding support topic will be a topic of conversation with the Executive Committee this year as the funding environment has changed. For example, most project funding has historically come from Integrated Regional Water Management Program funding, and it appears that program is no longer being supported. Staff will continue to work with the Executive Committee to determine the opportunities and necessary resources for the RWA to engage in to benefit the RWA members (Example: Federal grant funding, increased state advocacy, etc.)

FINDING/CONCLUSION

A Strategic Plan is a valuable tool for establishing a strategic unified vision, outlining goals and objectives, and for monitoring business performance results. The existing strategic plan can be



Agenda Item 4

considered the universe of activities that the RWA will operate in. The strategic plan priorities are the initiatives that the RWA staff will spend most of their time on in fiscal year 2023/2024.

ATTACHMENTS

Attachment 1 - RWA Strategic Plan

Final
RWA STRATEGIC PLAN GOALS AND OBJECTIVES
Adopted by the RWA Board Aug 7, 2020

Definitions:

Affordability: The continued delivery of high quality, reliable water service at the lowest reasonable cost. Affordability is directly related to water reliability and quality. Affordability is also affected, both positively and negatively, by legislative and regulatory policies.

Supershed: a region consisting of multiple watersheds that is actively managed to improve water resource resilience in support of a healthy community, economy and environment.

Final
RWA STRATEGIC PLAN GOALS AND OBJECTIVES
Adopted by the RWA Board Aug 7, 2020

PLANNING GOAL: Continuously improve regional water management planning that is comprehensive in scope and contributes to more effective regional water resources management.

Objective A. Complete development of the Sacramento Regional Water Bank to improve water supply reliability and resilience.

- 1) Establish a funding program to complete work to establish the Regional Water Bank.
- 2) Engage with state, federal, and local stakeholders to gain Regional Water Bank acceptance, approval, and support.
- 3) Engage with potential Regional Water Bank partners.
- 4) Establish governance to manage the Regional Water Bank.
- 5) Complete an environmental analysis to support Regional Water Bank operations.

Objective B. Evaluate and respond to impacts on the region's water suppliers and operations.

- 1) Continue to evaluate and plan for adapting to climate change.
- 2) Promote the application of forecast informed reservoir operations that enhance water supplies while maintaining flood protection.
- 3) Maintain a regional integrated groundwater/surface water model, in coordination with groundwater sustainability agencies, to support regional planning and groundwater management.

Objective C. Lead and support planning efforts that benefit water agencies.

- 1) Evaluate opportunities to provide coordinated responses for sections of Urban Water Management Plans on behalf of agencies.
- 2) Track next generation of regional planning requirements (e.g. Integrated Regional Water Management Plan or other requirements that may result from the Governor's Water Resilience Portfolio) and respond as necessary.
- 3) Participate with other regional organizations (Sacramento Area Council of Governments (SACOG), Capital Region Climate Readiness Collaborative, etc.) on planning for and responding to climate change.
- 4) Participate with the Water Forum on efforts that improve water supply reliability and ecosystem health.

Objective D. Plan for the sustainability of RWA and its members.

- 1) Evaluate RWA staffing, operations, and financing models for opportunities to improve long-term organizational sustainability.
- 2) Develop a Young Professionals Program.

Final
RWA STRATEGIC PLAN GOALS AND OBJECTIVES
Adopted by the RWA Board Aug 7, 2020

IMPLEMENTATION GOAL: Lead successful water management strategies, as well as develop and undertake related beneficial programs on behalf of the region.

Objective A. Support the securing of funding and assist in resourcing projects and programs that are regional priorities.

- 1) Position, secure and manage funding for the Regional Water Reliability Plan (RWRP), Integrated Regional Water Management (IRWM) Plan, Water Bank, and Water Efficiency Programs and Projects.
- 2) Support and pursue funding opportunities for members and partner agencies that benefit the region.
- 3) Support programs that benefit from economies of scale in the areas of research, studies, planning, implementation, purchasing and resource sharing (e.g. Regional Aquifer Storage and Recovery (ASR) Information Study, Meter Asset Management and Chemical Purchasing Program).
- 4) Administer funding and financing for major endeavors such as the Water Quality Control Plan, Delta Initiatives and Water Bank.
- 5) Advocate for and support the financing of regional infrastructure to improve water reliability and resilience.

Objective B. Support members' efforts to improve water reliability and resilience.

- 1) Continue to partner with the Water Forum to ensure the health of the Lower American River as a critical component to improving water supply reliability.
- 2) Maintain the Regional Water Reliability Plan (RWRP) database and update the RWRP as needed.
- 3) Maintain the American River Basin Integrated Regional Water Management Plan (IRWMP) database and update the IRWMP as needed.
- 4) Support intra- and interregional water transfers.
- 5) Evaluate combining the American River Basin IRWM with appropriate portions of the Cosumnes, American, Bear, and Yuba (CABY) IRWM.
- 6) Support the region's efforts on Delta initiatives and water supply regulatory initiatives such as the Water Quality Control Plan, Voluntary Agreements and the Biological Opinions of the Central Valley Project and State Water Project.
- 7) Support compliance with the Sustainable Groundwater Management Act (SGMA) within the Region.
 - Provide services and support, as needed, for planning and implementation.
 - Facilitate collaboration between subbasins.
 - Align interests with RWA, Sacramento Groundwater Authority, Sacramento Central Groundwater Authority and others as appropriate.
- 8) Support the planning and construction of regional infrastructure to improve water reliability and resilience.

Final
RWA STRATEGIC PLAN GOALS AND OBJECTIVES
Adopted by the RWA Board Aug 7, 2020

Objective C. Support members' water use efficiency efforts to comply with applicable state and local requirements.

- 1) Continue to implement a regional water efficiency program that supports member agencies' compliance with state and local water efficiency and water loss requirements through cost-effective efforts/programs/initiatives.
- 2) Participate in statewide efforts related to water efficiency legislation and regulatory requirements to maintain a positive perception of the region and protect member agency interests.
- 3) Track individual member agency water use and related metrics to communicate regional water efficiency progress to the state, other regions and interested stakeholders.

Final
RWA STRATEGIC PLAN GOALS AND OBJECTIVES
Adopted by the RWA Board Aug 7, 2020

COMMUNICATIONS GOAL: Based on shared values, communicate with one voice on issues of regional significance to strengthen relationships, elevate regional visibility and influence, and advance the collective interests of the region.

Objective A. Provide a forum for education, discussion and outreach on water issues affecting the region.

- 1) Assess modes for preferred internal member communication such as meetings, in-person presentations, email updates, newsletters, blogs, social media, etc.
- 2) Distribute relevant information to members.
- 3) Create a venue for members to regularly brief each other on current and emerging issues, planned messages and responses, and coordinate on topics and issues of regional significance.
- 4) Provide educational opportunities for members through speakers and experts.
- 5) Update members regularly on the status and progress of RWA's services and programs.
- 6) Educate legislators, policy makers, and the public on the challenges to and benefits of uninterrupted high-quality water services and investments necessary for its continued delivery.

Objective B. With one voice, raise RWA's profile and credibility through outreach efforts to targeted audiences.

- 1) Be a champion for the Region by being a single, coordinated voice on regional matters.
- 2) Identify and cultivate RWA ambassadors/spokespersons to communicate significant topics and policy issues.
- 3) Inform key interested parties such as the media, federal, state and local officials, and the public about water management successes (e.g. Water reliability and resilience improvements) and key issues (e.g. regulatory, water accessibility, safety and affordability).
- 4) Foster consistent and cohesive regional messaging including:
 - a) Prioritizing anticipated issues and opportunities for target audiences, along with tools, materials and activities to help RWA members communicate with a consistent voice.
 - b) Developing talking points, position papers and outreach materials on key issues.

Objective C. Cultivate relationships to advance RWA members' interests.

- 1) Work with other organizations with water interests (e.g. Northern California Water Association, Association of California Water Agencies, Sacramento Area Council of Governments, Sacramento Area Flood Control Agency and land use agencies).
- 2) Coordinate and partner with water suppliers and other stakeholders to further leverage advocacy, research initiatives and/or economies of scale related to water management.
- 3) Work with business organizations (e.g. Metro Chamber and local chambers.)
- 4) Work with state and federal agencies that influence or manage resources related to regional water reliability and resilience (e.g. United States Bureau of Reclamation, California Department of Water Resources, State Water Resource Control Board, and other resource agencies.)
- 5) Work with the Water Forum Successor Effort on behalf of the member agencies that are signatory to the Water Forum Agreement. Support includes:

Final
RWA STRATEGIC PLAN GOALS AND OBJECTIVES
Adopted by the RWA Board Aug 7, 2020

- a) Ensuring RWA member interests are represented in the re-negotiation process including governance and succession planning.
- b) Ensuring RWA member interests are represented in the Water Forum Successor Effort.
- c) Participating in the Coordinating Committee and Water Caucus.

Final
RWA STRATEGIC PLAN GOALS AND OBJECTIVES
Adopted by the RWA Board Aug 7, 2020

ADVOCACY GOAL: Advocate for members and the region’s needs and interests to positively influence legislative and regulatory policies and actions.

Objective A. Engage relevant local, state and federal representatives, to seek support for RWA’s legislative agenda to further the region’s collective goals and objectives.

- 1) Annually update RWA policy principles and federal legislative platforms to effectively advocate for the region.
- 2) Maintain and track significant water-related state and federal legislation on important policies and funding opportunities and make the information regularly and readily available electronically to members.
- 3) Advocate for positions on state and federal legislation and programs consistent with the adopted RWA policy principles and platforms.
- 4) Monitor and actively engage on actions of the Association of California Water Agencies (ACWA) State Legislative and Federal Affairs Committees and coordinate with other organizations.
- 5) Protect member agencies’ interests and work with state and federal organizations on the development of policies related to the equitable access to water.
- 6) Coordinate with external organizations, as appropriate, including but not limited to, American Water Works Association (AWWA), Association of California Water Agencies (ACWA), California Special Districts Association (CSDA), Northern California Water Association (NCWA), National Water Resources Association (NWRA), California Water Foundation, California Municipal Utilities Association (CMUA), and the Metro Chamber, and California Water Association (CWA).
- 7) Coordinate and partner with environmental non-governmental organizations (NGOs) and environmental justice NGOs throughout the state to advance RWA’s interests.
- 8) Present regular updates from RWA lobbyist efforts and recalibrate priorities as necessary.
- 9) Maintain a volunteer standing committee as a forum for coordination, collaboration, education and vetting on federal policy areas of regional interest and evaluate the effectiveness of the standing committee in FY2021/2022.

Objective B. Evaluate, comment and advocate on state and federal water regulatory issues that may impact the region and its water reliability and resilience (e.g. WQCP, PFAS, Chrome VI).

- 1) Track, evaluate and respond to water quality, water conservation and efficiency, water affordability, resilience, SGMA and other regulatory issues that may affect members.
- 2) Lead and participate in efforts with other organizations aligned with RWA positions and interests as appropriate.

Objective C. Assist in the preservation of water rights and entitlements of RWA members, maintain area of origin protections, and protect and ensure water reliability and resilience.

- 1) Educate the public and decision makers and promote our region’s contribution to the Delta.
- 2) Advocate to maintain the water rights priority system.

Final
RWA STRATEGIC PLAN GOALS AND OBJECTIVES
Adopted by the RWA Board Aug 7, 2020

- 3) Continue to support efforts for expanding conjunctive use operations as a means of protecting water rights (e.g., exercising more surface water rights and contracts in wetter years).
- 4) Support a Water Forum lower American River Modified Flow Management Standard that is consistent with the Water Forum co-equal goals.
- 5) Leverage proximity to the Capitol to engage and be a resource to legislators on issues important to the region and promote RWA's reliability and resilience successes.
- 6) Work with the State to help implement the portions of the Governor's Water Resilience Portfolio where it aligns with and benefits our region's interest.
- 7) Promote the region's collaborative efforts to comprehensively manage its water resources through an innovative *Supershed* approach to be resilient to fire, flood, and drought, and which serves our region and creates value to the state.

Topic: RWA Principal Office Location
Type: Unfinished; Old Business
Item For: Action

SUBMITTED BY: Jim Peifer
Executive Director

PRESENTER: Jim Peifer
Executive Director

EXECUTIVE SUMMARY

This is an action item for the Board of Directors to approve the principal office location at 2295 Gateway Oaks Drive, Sacramento, CA 95833, Suite 100, and to authorize the Executive Director to sign a lease for the proposed principal office location.

STAFF RECOMMENDED ACTION

1. A motion to approve 2295 Gateway Oaks Drive as the RWA Principal Office Location; and
2. A motion to authorize the Executive Director to sign a lease for the proposed office location.

BACKGROUND

The RWA and its predecessor organization, the Sacramento Metropolitan Water Authority, have been at the Birdcage St. office location for over 25 years. The Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA) owned and managed the building until about a decade ago, when they sold the building and moved their office to Roseville.

In 2018, the lease for the Birdcage Street office was renewed for five years. The lease expires on August 31, 2023. Since 2018, the staff of the RWA has grown and the office no longer has the space to accommodate all of the employees. Some employees are working from home. The RWA staff have increased 50 percent since 2016. SGA staffing has increased from 2.3 staff to 3.3 staff in the last year. In addition, there are increasing problems in large part to not occupying a professionally managed building (odors of occasional burning cannabis or rotting trash, occasional individuals experiencing homelessness sleeping in entryways or inside the building, poor janitorial services, inadequate building maintenance, inadequate garbage service, occasional inadequate restocking of restroom paper products including toilet paper, noise, etc.).

Section 11 of RWA Policy 100.1 (Joint Powers Agreement) states, “The Board of Directors shall establish the principal office of the Regional Authority. The Board is hereby granted full power and authority to change its principal office from one location to another within the boundaries of the Regional Authority. Any change shall be noted by the Secretary, but shall not be considered an amendment to this Agreement.” SGA Policy 200.1 (SGA Rules of Procedure), Section 3.09 (b) requires that Board meetings “be held at the office of the Authority or at a suitable location within

Agenda Item 5

the SGA Boundaries.” SGA Policy 100.2 (Management and Administrative Services Agreement) delegates the selection of the office location to the RWA.

A key consideration for the Board of Directors is locating the office that best serves the interests RWA and SGA. Important considerations are: 1) obtaining an office that provides for a positive work experience for the staff; 2) sufficient space for the employees; and 3) A location that makes RWA and SGA operations more productive including reducing travel time for staff to attend meetings downtown; 4) fiscal impacts.

The means of how meetings are conducted is changing as a result of the Pandemic, including the increasing familiarity and ease of virtual meetings. While RWA Board and Executive Committee meetings will be held in person, as well as SGA Board meetings, most other RWA and SGA meetings with member agency representatives are held virtually. However, many external meetings are returning to in-person. The activities of the State Legislature have returned to in-person and in-person meetings are expected to return for the State Water Resources Control Board. Many meetings happen within the downtown area including meetings where in person attendance is valued.

Another factor the Board should consider is the how the staff views their workplace. A number of RWA staff have commented they almost did not accept RWA employment upon seeing the office for the first time. A majority of the RWA staff have a dislike for the existing office.

PROCESS FOR SELECTING AN OFFICE

In 2022, past Chair York established a Space Planning Ad Hoc Committee to assist in considering the office space needs for the RWA. In 2022, the committee provided feedback to the staff regarding criteria for an office which included: an office should have sufficient free parking for RWA visitors. The office location should be convenient for a visitor who travels by a motor vehicle. At the November 2022 RWA Board meeting, the question was posed to the RWA Board if the RWA Board meetings could be held at the member’s board rooms. This question was asked for two reasons: 1) to cut down on the office space needed since the lease cost per square foot might be higher at a new location; and 2) the desire for Board members to meet at RWA members offices. The response to using Board member’s board rooms would be favorable.

Chair Firenzi renewed the Ad Hoc committee for calendar year 2023. The 2023 Space Planning Ad Hoc Committee is chaired by Ron Greenwood and includes Dan York, Sean Bigley, and Audie Foster.

RWA staff retained the services of a commercial real estate broker to help identify potential office locations. Directions were provided to the broker by staff to search for locations near a freeway, within the SGA service area and to screen out offices where the asking price is greater than \$2.50 per square foot per year. The search requested that sufficient space be included for accommodating all of the staff and the capability to have a conference room sized to host an Executive Committee meeting or an SGA Board meeting (about 25 people).

Agenda Item 5

On January 20th, Ron Greenwood, Jim Peifer, Ryan Ojakian and Josette Reina-Luken toured five potential offices with the broker. Two candidate offices were selected for consideration and the broker requested the owners submit offers. The potential leading offices are located at 1755 Creekside Drive and 2295 Gateway Oaks Drive in Sacramento. Two rounds of negotiations were conducted with the broker and the owners. The negotiations suggest the five-year cost of both properties are very similar. The Creekside Oaks Drive location had a slightly lower five-year cost, but did not include furniture.

Most of the RWA staff toured the two offices on February 10. A majority of the staff favored the 2295 Gateway Oaks Drive property in part for the amenities being offered (example: onsite gym, meeting spaces and conference rooms) and a brightly lit office with natural light.

The existing Birdcage Office lease cost beginning in September would be \$1.15 per square foot annually. As noted above, office space is not sufficient to accommodate the RWA staff and is problematic for the reasons stated above.

A benefit of both office locations would be the proximity to downtown Sacramento. The Strategic Plan includes this objective: Leverage proximity to the Capitol to engage and be a resource to legislators on issues important to the region and promote RWA's reliability and resilience successes.

MARKET CONDITIONS

The region has a vacancy rate of 14.2%, which has been slowly decreasing over the last three quarters, but is up from a vacancy rate of about 9% at the beginning of the Pandemic. The South Natomas market has a total vacancy rate of 19% and an average asking rate of \$2.25 per square feet. The absorption rate in South Natomas was 25,251 square feet in the fourth quarter of 2022, and minus 52,624 square feet for the 2022 calendar year.

AD HOC COMMITTEE INPUT

The Ad Hoc committee met three times. The first time was to discuss the real estate situation, the second time focused on the criteria for selecting an office. The Ad Hoc committee members added the criteria that the office should have sufficient and plentiful free parking available for member visits. This criterion removed consideration of downtown and midtown locations, as well as other locations which do not have convenient parking.

Available Ad Hoc committee members met most recently on February 14, 2023 to discuss the initial proposed office location. The committee did not have a quorum but one member provided comments by email and two other members provided comments in the meeting. Comments received by committee members included: a concern about locating the office near apartment complexes due to a potential correlation of crime and apartment complexes, and it appeared the location was close to the western boundary of the RWA.

Agenda Item 5

SAFETY

As noted above, a concern about safety was identified regarding the potential for safety due to a possible correlation of crime and apartment buildings. Figures 1 and 2 present the crimes within a one-mile radius of the proposed office for the four week and three-month periods ending February 17th. For comparison, crime maps are provided for the Birdcage Office location for the same periods in Figures 3 and 4.

Roving security is provided at the proposed office location which should increase safety for staff and visitors. No roving security is provided at the Birdcage Office.

Figure 1
City of Sacramento Crime Map
Four-week period ending February 17, 2023

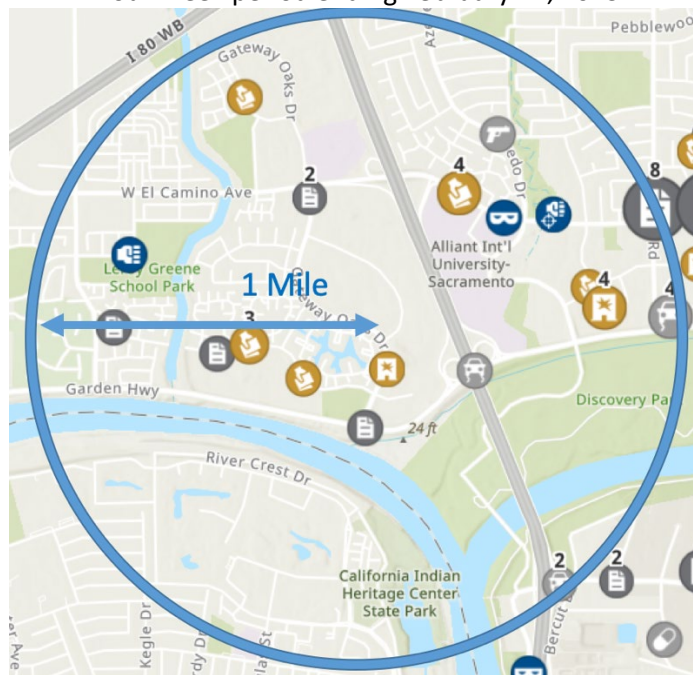


Figure 2
City of Sacramento Crime Map
Three Month period ending February 17, 2023

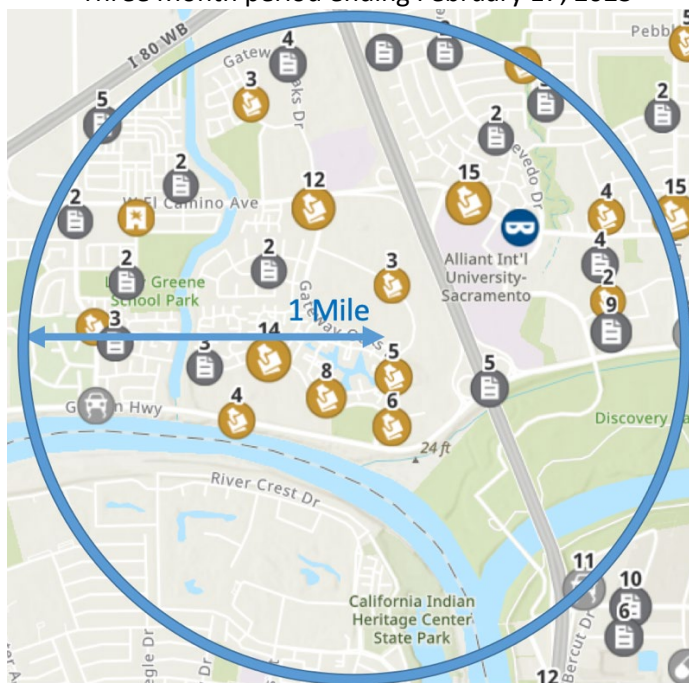


Figure 3
County of Sacramento Crime Map
Four-week period ending February 17, 2023

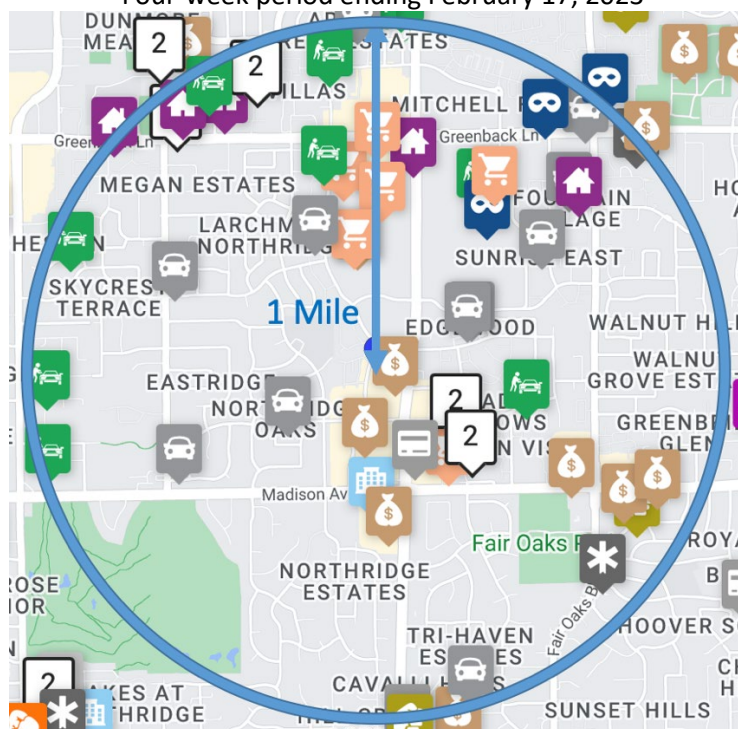
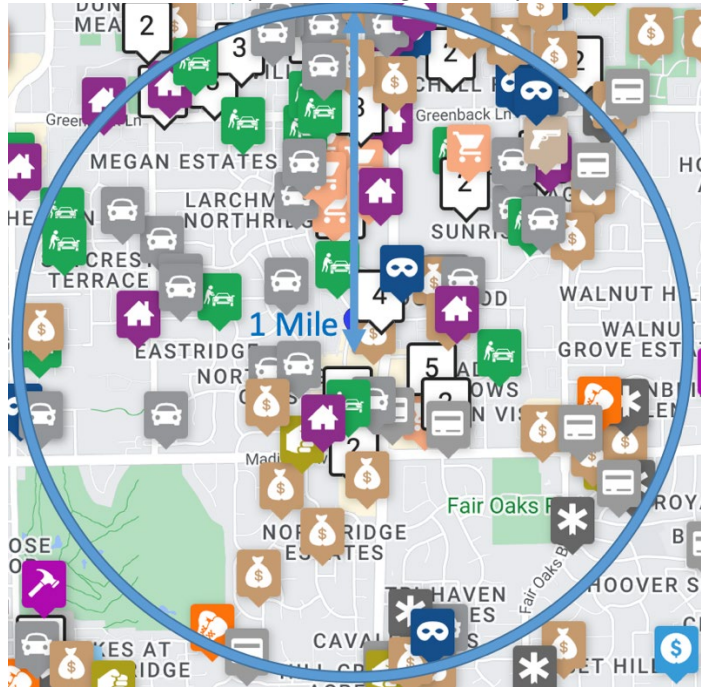


Figure 4
County of Sacramento Crime Map
Three-month period ending February 17, 2023



MEMBER IMPACTS

There are 22-member agencies on the RWA Board and 16-member agencies on the SGA Board. There are 26-member agencies collectively on both boards, with 12-member agencies being on both the RWA and SGA boards. Table 1 presents the average and median travel time for member to travel from their offices to the proposed Gateway Oaks Drive office and Birdcage Street office during non-rush hour commutes. Of the 26-member agencies, 11 would have decreased duration transit times. Half the SGA board members would have decreased transit times.

Average and Median Travel Time
for the collective 26 RWA and SGA Members
(non-rush hour)

	2295 Gateway Oaks Dr.	5620 Birdcage St.
Average Travel Time	25.8 Min.	24.1 Min.
Median Travel Time	22.0 Min.	24.0 Min.

Agenda Item 5



Table 2 presents the average increase or decrease in travel time by members from their offices to the proposed Gateway Oaks Drive office compared to the Birdcage Street office.

Table 2
Average Differential Travel Time
for RWA and SGA Members
(non-rush hour)

	All 26 Agencies	RWA Board Members	2023 RWA Executive Committee	SGA Board Members
Average Differential Travel Time	-1.8 Min.	-2.9 Min.	+1.0 Min.	-2.3 Min.

As noted above, Board meetings will occur elsewhere and most other member meetings occur virtually. Executive Committee meetings and SGA meetings are proposed to occur at the proposed office location.

LEASE TERMS

The draft lease is attached. The terms include seven months of free rent and a moving allowance.

FISCAL IMPACT

The new office space cost would be about \$292,000 for a five-year period. Staff projects this would increase member RWA Core dues by 0.37% per year on average and result in high dues by 1.85% in five years.

The RWA Executive Committee has provided direction to staff to present a zero percent dues increase to the Board for its members for FY 23/24. A 2% dues increase is forecasted for FY 24/25. The SGA Budget Committee has given direction to staff to present a zero percent fee increase to the SGA Board of Directors. A 4% dues increase is forecasted for FY 24/25. Note that the SGA had a zero percent fee increase for FY 22/23.

Notwithstanding the inadequate accommodations of the Birdcage Street office, a five-year cost of the existing office would be potentially in the range of \$190,000 to \$225,000. For context, a ratio of proportions between the number of current staff and number of staff at the time the lease was signed for the Birdcage Office would make the current five-year cost to \$267,000 (\$207,000 times 9 divided by 7)

EXECUTIVE COMMITTEE ACTION

At the February 21, 2023 RWA Executive Committee meeting, the Executive Committee voted to recommend the proposed 2295 Gateway Oaks Dr. as the principal office location to the Board of Directors. The Executive Committee voted to waive a provision to extend the lease for two years at the Birdcage Street location.

Agenda Item 5

FINDING/CONCLUSION

The 2295 Gateway Oaks Drive property is recommended for the Board's approval of the RWA's principal office location. Staff recommends the Board authorize the Executive Director to sign a lease for the proposed office location.

ATTACHMENTS

Attachment 1 – Draft lease for the 2295 Gateway Oaks Drive property

**GATEWAY OAKS
FULL SERVICE LEASE
BASIC LEASE INFORMATION**

DATE: _____, 2023

LANDLORD: GATEWAY OAKS INVESTORS LLC, a Delaware limited liability company, HIDDEN VALLEY TECH GATEWAY LLC, a Delaware limited liability company and MATTESON GATEWAY LLC, a Delaware limited liability company

LANDLORD’S ADDRESS: c/o Basin Street Properties
316 California Ave, #350
Reno, NV 89509
Attn: Scott W. Stranzl
Phone: (775) 954-2900
Email: Scott@basin-street.com

TENANT: _____

TENANT’S ADDRESS:

 a. Before Commencement Date: _____

 Phone: (____) ____ - _____
 Attn: _____
 Email: _____

 b. After Commencement Date: At the Premises
 Attn: _____
 Email: _____

PREMISES: Suite 100, consisting of approximately Two Thousand, Six Hundred Sixty-Three (2,663) rentable square feet of space in the Building, as more particularly shown on Exhibit A-1 attached hereto.

BUILDING: That certain office building located at 2295 Gateway Oaks Drive in Sacramento, California and consisting of approximately Forty-Five Thousand, Eight Hundred Thirty-Nine (45,839) rentable square feet of space.

PROJECT: Those certain four (4) office buildings consisting of approximately Three Hundred Sixteen Thousand, Nine Hundred One (316,901) rentable square feet of space located in Sacramento, California within the project commonly known as “Gateway Oaks”.

TERM:

 a. Commencement Date See Section 3.1.

 b. Estimated Commencement Date July 1, 2023

 c. Expiration Date Sixty (60) months following the Commencement Date

BASE RENT: The amounts set forth below for the respective periods:

	<u>Applicable Period</u>	<u>Monthly Rent</u>
	Months 1-7	\$0.00
	Months 8-12	\$5,991.75
	Months 13-24	\$6,171.50
	Months 25-36	\$6,356.65
	Months 37-48	\$6,547.35
	Months 49-60	\$6,743.77
BASE YEAR	2023	
TENANT’S BUILDING PERCENTAGE SHARE:	5.81% (i.e., the rentable square footage of the Premises/the rentable square footage of the Building)	
TENANT’S PROJECT PERCENTAGE SHARE:	0.84% (i.e., the rentable square footage of the Premises/the rentable square footage of the Project)	
SECURITY DEPOSIT:	Five Thousand, Nine Hundred Ninety-One and 75/100 Dollars (\$5,991.75), as further described in Section 17.	
PERMITTED USE:	For use as general office and for no other use or purpose.	
PARKING SPACES:	Tenant shall have the right to use Four (4) spaces per 1,000 rentable square feet leased on a non-exclusive basis in the parking areas shown on <u>Exhibit A-2</u> .	
REAL ESTATE BROKERS:		
a. Landlord’s Broker:	Tony Whittaker CBRE 500 Capitol Mall, Suite 2400 Sacramento, CA 95814	
b. Tenant’s Broker:	Shana Lennon CBRE 1512 Eureka Road, Suite 100 Roseville, CA 95661	
GUARANTOR:		
Name:	N/A	
Address:		

EXHIBITS

Addendum	
Exhibit A-1:	Diagram of Premises
Exhibit A-2:	Diagram of Project
Exhibit B:	Work Letter Agreement
Exhibit C:	Commencement Date Memorandum
Exhibit D:	Rules and Regulations
Exhibit E:	Construction Standards
Exhibit F:	Payment Instructions

GATEWAY OAKS
FULL SERVICE LEASE

THIS GATEWAY OAKS FULL SERVICE LEASE (this “**Lease**”) dated as of _____, 2023, is entered into by and between GATEWAY OAKS INVESTORS LLC, a Delaware limited liability company, HIDDEN VALLEY TECH GATEWAY LLC, a Delaware limited liability company and MATTESON GATEWAY LLC, a Delaware limited liability company (collectively, the “**Landlord**”), and _____, a _____ (“**Tenant**”).

1. **Definitions.** The following terms shall have the meanings set forth below:

1.1. **Building.** The term “**Building**” shall have the meaning set forth in the Basic Lease Information.

1.2. **Commencement Date.** The term “**Commencement Date**” shall have the meaning set forth in Section 3.1.

1.3. **Common Areas.** The term “**Common Areas**” shall mean the areas and facilities within the Building or Project provided and designated by Landlord for the general use, convenience or benefit of Tenant and other tenants and occupants of the Building or Project, as applicable (*e.g.*, common stairwells, stairways, hallways, shafts, elevators, restrooms, janitorial telephone and electrical closets, pipes, ducts, conduits, wires and appurtenant fixtures servicing the Building, and Project walkways, traffic aisles, accessways, utilities and communications conduits and facilities). The term “**Common Areas**” shall exclude all of the outside walls of the Premises and any space in the Premises used for shafts, stacks, pipes, conduits, ducts, electrical equipment or other utilities or Building or Project facilities that are reserved solely to Landlord and Landlord shall have rights of access through the Premises for the purpose of operating, maintaining and repairing the same.

1.4. **Premises.** The term “**Premises**” shall have the meaning set forth in the Basic Lease Information.

1.5. **Project.** The term “**Project**” shall have the meaning set forth in the Basic Lease Information.

1.6. **Rentable Area.** The term “**Rentable Area**” shall mean the rentable area of the Premises, Building and Project as reasonably determined by Landlord. The parties agree that for all purposes under this Lease, the Rentable Area of the Premises, Building and Project shall be deemed to be the number of rentable square feet identified in the Basic Lease Information, subject to remeasurement by Landlord’s architect from time to time.

1.7. **Tenant’s Building Percentage Share.** The term “**Tenant’s Building Percentage Share**” shall mean the percentage specified in the Basic Lease Information. If Landlord remeasures the Premises or the Building from time to time, then upon notice to Tenant, Tenant’s Building Percentage Share shall be adjusted to a percentage equal to the Rentable Area of the Premises divided by the Rentable Area of the Building, based on the remeasurement.

1.8. **Tenant’s Project Percentage Share.** The term “**Tenant’s Project Percentage Share**” shall mean the percentage specified in the Basic Lease Information. If Landlord remeasures the Premises or the Project from time to time, then upon notice to Tenant, then Tenant’s Project Percentage Share shall be adjusted to a percentage equal to the Rentable Area of the Premises divided by the Rentable Area of the Project, based on the remeasurement.

1.9. **Term.** The term “**Term**” shall mean that period commencing on the Commencement Date and ending on Expiration Date, unless sooner terminated or expiring in accordance with this Lease, and subject to extension upon written agreement by the parties.

2. Premises.

2.1. Demise. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, for the Term, at the rent and upon the conditions set forth below. Tenant's lease of the Premises shall include the right to use, in common with others and subject to the other provisions of this Lease, the Common Areas.

2.2. Condition Upon Delivery. Tenant acknowledges that it has had an opportunity to thoroughly inspect the Premises and, subject to Landlord's obligations under Section 9.2 and the Work Letter Agreement (if any), Tenant accepts the Premises in its existing "as is" condition, with all faults and defects and without any representation or warranty of any kind, express or implied, and except as provided in the Work Letter Agreement (if any), Landlord shall have no obligation to make or pay for any improvements or renovations in or to the Premises or to otherwise prepare the Premises for Tenant's occupancy.

2.3. Reserved Rights. Landlord reserves the right to do the following from time to time:

(a) Changes. To install, use, maintain, repair, replace and relocate pipes, ducts, shafts, conduits, wires, appurtenant meters and mechanical, electrical and plumbing equipment and appurtenant facilities for service to other parts of the Building or Project above the ceiling surfaces, below the floor surfaces and within the walls of the Premises and in the central core areas of the Building and in the Building Common Areas, and to install, use, maintain, repair, replace and relocate any pipes, ducts, shafts, conduits, wires, appurtenant meters and mechanical, electrical and plumbing equipment and appurtenant facilities servicing the Premises, which are located either in the Premises or elsewhere outside of the Premises;

(b) Boundary Changes. To change the boundary lines of or within the Project;

(c) Facility Changes. To alter or relocate the Common Areas or any facility within the Project;

(d) Parking. To designate and/or redesignate specific parking spaces in the Project for the exclusive or non-exclusive use of specific tenants in the Project;

(e) Services. To install, use, maintain, repair, replace, restore or relocate public or private facilities for communications and utilities on or under the Building and/or Project; and

(f) Other. To perform such other acts and make such other changes in, to or with respect to the Common Areas, Building and/or Project as Landlord may reasonably deem appropriate.

2.4. Work Letter Agreement. Landlord and Tenant shall each perform their respective obligations set forth in the Work Letter Agreement attached hereto as Exhibit B in accordance with the terms and conditions contained therein.

3. Term.

3.1. Commencement Date. The Term shall be for the period of time specified in the Basic Lease Information unless sooner terminated as hereinafter provided. The Term shall commence on the date the Premises are delivered to the Tenant in "substantially completed" condition (as defined in the Work Letter Agreement), subject to adjustment for "Tenant Delays" as provided in the Work Letter Agreement (as so adjusted, the "**Commencement Date**"), and shall continue thereafter in full force and effect for the period specified as the Term or until this Lease is terminated as otherwise provided herein. For purposes of this Lease, the first "**Lease Year**" shall mean the period commencing on the Commencement Date and ending twelve (12) months thereafter, except that if the Commencement Date is other than the first day of a calendar month, the first Lease Year shall mean the period commencing on the Commencement Date and ending on the last day of the twelfth (12th) full calendar month after the Commencement Date. Thereafter, the term "**Lease Year**" shall mean a period equal to twelve (12) full calendar months.

3.2. Delay in Delivery. If for any reason Landlord has not delivered to Tenant possession of the Premises by the Estimated Commencement Date, this Lease shall remain in

effect and Landlord shall not be liable to Tenant for any loss or damage resulting therefrom. The Commencement Date shall, however, be delayed until the date Landlord delivers possession of the Premises to Tenant in the condition required by this Lease.

3.3. Commencement Date Memorandum. Following the date on which Landlord delivers possession of the Premises to Tenant and the Commencement Date, Landlord may prepare and deliver to Tenant a commencement date memorandum (the “**Commencement Date Memorandum**”) in the form of Exhibit C, attached hereto, subject to such changes in the form as may be required to insure the accuracy thereof. The Commencement Date Memorandum shall certify the date on which Landlord delivered possession of the Premises to Tenant and the dates upon which the Term commences and expires. Tenant’s failure to execute and deliver to Landlord the Commencement Date Memorandum within five (5) business days after Tenant’s receipt of the Commencement Date Memorandum shall be conclusive upon Tenant as to the matters set forth in the Commencement Date Memorandum.

4. Rent.

4.1. Base Rent. Commencing as of the Commencement Date, and continuing thereafter on or before the first day of each calendar month during the Term hereof, Tenant shall pay to Landlord, as monthly rent for the Premises, the monthly Base Rent specified in in the Basic Lease Information above. If Tenant’s obligation to pay Base Rent hereunder commences on a day other than the first day of a calendar month, or if the term of this Lease terminates on a day other than the last day of a calendar month, then the Base Rent payable for such partial month shall be appropriately prorated on the basis of a thirty (30)-day month. Base Rent shall be paid in advance, on or before the first day of each and every calendar month following the Commencement Date. For any free or reduced rent period specified in the Basic Lease Information or elsewhere in this Lease, Landlord shall have the ongoing right to prepay Tenant all or any portion of such free or reduced rental amounts. Upon request from Landlord, Tenant shall execute an amendment to this Lease reflecting that any free or reduced rental amounts prepaid by Landlord will be due when originally scheduled as free or reduced under the Lease.

4.2 First Month’s Rent. Notwithstanding the foregoing, Tenant shall pay to Landlord together with Tenant’s execution of this Lease an amount equal to monthly Base Rent payable for the first full calendar month of the Term (after any free rent or abated rent period). Such amount shall be credited to the first month’s Base Rent.

4.3 Additional Rent. Tenant shall pay, as additional rent, all amounts of money that Tenant is required to pay to Landlord under this Lease in addition to monthly Base Rent whether or not the same is designated “**additional rent**.” Tenant shall pay to Landlord all additional rent upon Landlord’s written request or otherwise as provided in this Lease.

4.4 Late Payment. Tenant acknowledges that late payment of Rent to Landlord will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which is extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Landlord by the terms of any trust deed covering the Premises. Accordingly, if any installment of Rent or any other sums due from Tenant shall not be received by Landlord when due, Tenant shall pay to Landlord a late charge in an amount equal to five percent (5%) of such overdue amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Acceptance of such late charge by Landlord shall not constitute a waiver of Tenant’s default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder.

4.5. Interest. In addition to the imposition of a late payment charge pursuant to Section 4.4 above, any Rent that is not paid when due shall bear interest from the date due until paid at the rate that is the lesser of twelve percent (12%) per annum (the “**Interest Rate**”) or the maximum rate permitted by law. Payment of interest shall not excuse or cure any default hereunder by Tenant.

4.6. Payment. All payments due from Tenant to Landlord hereunder shall be made to Landlord without deduction or offset, in lawful money of the United States of America. Unless otherwise directed by Landlord in writing, payments shall be made to Landlord by electronic funds transfer of immediately available federal funds in accordance with the payment instructions set forth on Exhibit F attached hereto (which may be changed from time to time by

Landlord by written notice to Tenant) and shall be initiated by Tenant for settlement on or before the applicable date due in each use; provided, however, that if the due date is not a business day, then settlement shall be made on the next succeeding business day.

4.7 Rent. For purposes of this Lease, the term “**Rent**” shall mean the Base Rent, all additional rent, including with respect to Taxes and Operating Expenses, and all of the other monetary obligations of Tenant under this Lease. No security or guaranty which may now or hereafter be furnished to Landlord for the payment of rent due hereunder or for the performance by Tenant of the other terms of this Lease shall in any way be a bar or defense to any of Landlord’s remedies under this Lease or at law.

4.8 Tenant Delay. Further, if the date of “substantial completion” (as defined in the Work Letter Agreement) is delayed as a result of a Tenant Delay, such that the Commencement Date is delayed, then Tenant’s obligation to pay Rent for the Premises shall begin on the date that the Commencement Date would have occurred but for Tenant’s Delay.

5. Taxes.

5.1. Tenant’s Obligations. Taxes at the level incurred for the Base Year are included in the Base Rent for each calendar year of the Lease Term. Tenant shall pay to Landlord, as additional rent, Tenant’s Building Percentage Share of any increase in Taxes attributable to the Building over the Base Taxes during each year of the Term (prorated for any partial calendar year during the Term). The term “**Base Taxes**” shall mean those taxes incurred by Landlord during the calendar year specified as the Base Year in the Basic Lease Information.

5.2. Definition of Taxes. The term “**Taxes**” shall include all transit charges, housing fund assessments, real estate taxes and all other taxes relating to the Premises, Building, and Project of every kind and nature whatsoever, including any supplemental real estate taxes attributable to any period during the Term; all taxes which may be levied in lieu of real estate taxes; and all assessments, assessment bonds, levies, fees, penalties (if a result of Tenant’s delinquency) and other governmental charges (including, but not limited to, charges for parking, traffic and any storm drainage/flood control facilities, studies and improvements, water and sewer service studies and improvements, and fire services studies and improvements); and all amounts necessary to be expended because of governmental orders, whether general or special, ordinary or extraordinary, unforeseen as well as foreseen, of any kind and nature for public improvements, services, benefits or any other purpose, which are assessed, based upon the use or occupancy of the Premises, Building, and/or Project, or levied, confirmed, imposed or become a lien upon the Premises, Building, and/or Project, or become payable during the Term, and which are attributable to any period within the Term. The term “Taxes” shall include reasonable attorneys’ and professional fees, costs and disbursements incurred in connection with proceedings to contest, determine or reduce Taxes. If it shall not be lawful for Tenant to reimburse Landlord for any increase in Taxes as defined herein, the Monthly Base Rent payable to Landlord prior to the imposition of such increases in Taxes shall be increased to net Landlord the same net Monthly Base Rent after imposition of such increases in Taxes as would have been received by Landlord prior to the imposition of such increases in Taxes.

5.3. Limitation. Nothing contained in this Lease shall require Tenant to pay any franchise, estate, inheritance, succession or transfer tax of Landlord, or any income, profits or revenue tax or charge upon the net income of Landlord from all sources.

5.4 Installment Election. In the case of any Taxes which may be evidenced by improvement or other bonds or which may be paid in annual or other periodic installments, Landlord shall elect to cause such bonds to be issued or such assessment to be paid in installments over the maximum period permitted by law.

5.5 Estimate of Tenant’s Share of Taxes. Prior to the commencement of each calendar year during the Term after the Base Year, or as soon thereafter as reasonably practicable, Landlord shall notify Tenant in writing of Landlord’s estimate of the amount of Taxes which will be payable by Tenant for the ensuing calendar year. On or before the first day of each month during the ensuing calendar year, Tenant shall pay to Landlord in advance, together with Base Rent, one-twelfth (1/12th) of the estimated amount; provided, however, if Landlord fails to notify Tenant of the estimated amount of Tenant’s share of Taxes for the ensuing calendar year prior to the end of the current calendar year, Tenant shall be required to

continue to pay to Landlord each month in advance Tenant's estimated share of Taxes on the basis of the amount due for the immediately prior month until ten (10) days after Landlord notifies Tenant of the estimated amount of Tenant's share of Taxes for the ensuing calendar year. If at any time it appears to Landlord that Tenant's share of Taxes payable for the current calendar year will vary from Landlord's estimate, Landlord may give notice to Tenant of Landlord's revised estimate for the year, and subsequent payments by Tenant for the year shall be based on the revised estimate.

5.6 Annual Adjustment. Within one hundred twenty (120) days after the close of each calendar year during the Term, or as soon after the one hundred twenty (120) day period as reasonably practicable, Landlord shall deliver to Tenant a statement of the adjustment to the Taxes for the prior calendar year. If, on the basis of the statement, Tenant owes an amount that is less than the estimated payments for the prior calendar year previously made by Tenant, Landlord shall apply the excess to the next payment of Taxes due. If, on the basis of the statement, Tenant owes an amount that is more than the amount of the estimated payments made by Tenant for the prior calendar year, Tenant shall pay the deficiency to Landlord within thirty (30) days after delivery of the statement. The year-end statement must be disputed by Tenant, if at all, by written notice to Landlord of any objection thereto within thirty (30) days after Tenant's receipt of the year end statement. In addition, if, after the end of any calendar year or any annual adjustment of Taxes for a calendar year, any Taxes are assessed or levied against the Premises, Building, or Project that are attributable to any period within the Term (e.g., supplemental taxes or escaped taxes), Landlord shall notify Tenant of its share of such additional Taxes and Tenant shall pay such amount to Landlord within ten (10) days after Landlord's written request therefor.

5.7 Personal Property Taxes. Tenant shall pay or cause to be paid, not less than ten (10) days prior to delinquency, any and all taxes, impositions and assessments levied upon Landlord or Tenant for (a) Tenant's equipment, furniture, fixtures, improvements and other personal property (including carpeting installed by Tenant) located in the Premises, (b) by virtue of any Alterations (as defined in Section 10) made by or at the request of Tenant to the Premises, including initial alterations pursuant to the Work Letter, and (c) upon this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises. When possible, Tenant shall cause Tenant's personal property to be assessed and billed separately from the real or personal property of Landlord. On request by Landlord, Tenant shall furnish Landlord with satisfactory evidence of payment of Tenant's business personal property taxes and deliver copies of such business personal property tax bills to Landlord.

5.8 Taxes on Tenant Improvements and Additional Assessments. Notwithstanding any other provision hereof, (a) Tenant shall pay to Landlord the full amount of any increase in Taxes during the Term resulting from any and all Alterations and Tenant improvements of any kind whatsoever placed in, on or about or made to the Premises, Building or Project for the benefit of, at the request of, or by Tenant; and (b) if at any time during the Term under the laws of the United States Government or the State in which the Project is located, or any political subdivision thereof, a tax or excise on rent, gross receipts tax, or any other tax however described, is levied or assessed by any such political body against Landlord on account of Rent, or any portion thereof, Tenant shall pay one hundred percent (100%) of any said tax or excise attributable to this Lease.

6. Operating Expenses.

6.1 Obligation to Pay Operating Expenses. Operating Expenses at the level incurred for the Base Year are included in the Base Rent for each calendar year of the Lease Term. Commencing with the first calendar month following the Base Year, Tenant shall pay to Landlord as additional rent during the Term (i) Tenant's Building Percentage Share of any increase in Operating Expenses allocated to the ownership, management, operation, repair and/or maintenance of the Building over the Base Operating Expenses allocated to the Building and (ii) Tenant's Project Percentage Share of any increase in Operating Expenses allocated to the ownership, management, operation, repair and maintenance of the Project over the Base Operating Expenses for the Project, as reasonably determined by Landlord; provided that Landlord has the right to allocate any Operating Expenses incurred in connection with the ownership, operation, repair and/or maintenance of the Project to one or more particular buildings within the Project and at such ratios as Landlord reasonably determines based upon the nature of the Operating Expense. The term "**Base Operating Expenses**" shall mean those

Operating Expenses incurred by Landlord during the calendar year specified as the Base Year in the Basic Lease Information.

6.2 Definition of Operating Expenses. The term “**Operating Expenses**” shall include all expenses and costs of every kind and nature which Landlord shall pay or become obligated to pay because of or in connection with the ownership, management, operation, repair and/or maintenance of the Building, Common Areas and/or Project, the surrounding property, and the supporting facilities, including, without limitation: (A) all maintenance, janitorial and security costs, (B) costs for all materials, supplies and equipment; (C) all costs of water, heat, gas power, electricity, refuse collection, parking lot sweeping, landscaping, and other utilities and services provided or allocated to the Building and the Common Areas; (D) all property management expenses, including, without limitation, all property management fees and all expense and cost reimbursements, (E) all costs of alterations or improvements to the Building or Common Areas made to achieve compliance with federal, state and local law including, without limitation, the Americans with Disabilities Act (42 U.S.C. Section 12101 et seq.), or to reduce Operating Expenses or improve the operating efficiency of the Building or the Project, all of which costs will be amortized over the useful life of such alteration or improvement as reasonably determined by Landlord, together with interest upon the unamortized balance at the Interest Rate or such other higher rate as may have been paid by Landlord on funds borrowed for the purpose of making the alterations or improvements; (F) premiums for insurance maintained by Landlord pursuant to this Lease or with respect to the Building and the Project; (G) costs for repairs, replacements, uninsured damage or insurance deductibles and general maintenance of the Building, Common Areas and Project, but excluding any repairs or replacements paid for out of insurance proceeds or by other parties; (H) all costs incurred by Landlord for making any capital improvements or structural repairs to the Building or the Common Areas, which costs will be amortized over the useful life of such improvement, repair or modification, as reasonably determined by Landlord, together with interest upon the unamortized balance at the Interest Rate or such other higher rate as may have been paid by Landlord on funds borrowed for the purpose of constructing the improvements or making the improvements or repairs; (I) all costs of maintaining machinery, equipment and directional signage or other markers; and (J) the share allocable to the Building of dues and assessments payable under any reciprocal easement or common area maintenance agreements or declarations or by any owners associations affecting the Building or the Project.

6.3 Adjustment for Occupancy Factor. Notwithstanding any other provision herein to the contrary, in the event the Building or Project, as applicable, is not fully occupied during any calendar year during the Term (including the Base Year), an adjustment shall be made by Landlord in computing Operating Expenses and Taxes for such year that vary with occupancy so that same shall be computed for such year as though the Building had been ninety five percent (95%) occupied during such year.

6.4 Estimates of Operating Expenses. Tenant shall pay to Landlord each month at the same time and in the same manner as monthly Base Rent one-twelfth (1/12th) of Landlord’s estimate of the amount of Operating Expenses payable by Tenant for the then-current calendar year. If at any time it appears to Landlord that Tenant’s share of Operating Expenses payable for the current calendar year will vary from Landlord’s estimate, Landlord may give notice to Tenant of Landlord’s revised estimate for the calendar year, and subsequent payments by Tenant for the calendar year shall be based on the revised estimate. Within one hundred twenty (120) days after the close of each calendar year, or as soon after such 120-day period as practicable, Landlord shall deliver to Tenant a statement in reasonable detail of the actual amount of Operating Expenses payable by Tenant for such calendar year. Landlord’s failure to provide such statement to Tenant within the 120-day period shall not act as a waiver and shall not excuse Tenant or Landlord from making the adjustments to reflect actual costs as provided herein. If on the basis of such statement Tenant owes an amount that is less than the estimated payments for such calendar year previously made by Tenant, Landlord shall credit such excess against the next payment of Operating Expenses due. If on the basis of such statement Tenant owes an amount that is more than the estimated payments for such calendar year previously made by Tenant, Tenant shall pay the deficiency to Landlord within fifteen (15) days after delivery of the statement. In addition, if, after the end of any calendar year or any annual adjustment of Operating Expenses for a calendar year, Operating Expenses are incurred or billed to Landlord that are attributable to any period within the Term (e.g., sewer district flow fees), Landlord shall notify Tenant of its share of such additional Operating Expenses and Tenant shall pay such amount to Landlord within ten (10) days after Landlord’s written request therefor. The

obligations of Landlord and Tenant under this Section 6.4 with respect to the reconciliation between the estimated and actual amounts of Operating Expenses payable by Tenant for the last year of the Term shall survive the termination of this Lease. The year-end statement must be disputed by Tenant, if at all, by written notice to Landlord of any objection thereto within thirty (30) days after Tenant's receipt of the year end statement.

6.5 Payment at End of Term. Any amount payable by Tenant which would not otherwise be due until after the termination of this Lease, shall, if the exact amount is uncertain at the time that this Lease terminates, be paid by Tenant to Landlord upon such termination in an amount to be estimated by Landlord with an adjustment to be made once the exact amount is known.

6.6 Cost Pools. Landlord shall have the right to equitably allocate some or all of Operating Expenses among particular classes or groups of tenants in the Building or the Project to reflect Landlord's good faith determination that measurably different amounts or types of services, work or benefits associated with Operating Expenses are being provided to or conferred upon such classes or groups. The allocations of Operating Expenses by Landlord under this Section 6.6 are sometimes referred to herein as "**Cost Pools.**" In such event, Tenant shall be responsible to applicable Operating Expenses for each Cost Pool. Tenant's share as to a particular Operating Expense shall depend upon the particular Cost Pool therefor.

6.7 Landlord Obligations. The parties agree that statements in this Lease to the effect that Landlord is to perform certain of its obligations hereunder at its own or sole cost and expense shall not be interpreted as excluding any cost from Operating Expenses or Taxes if otherwise includable pursuant to the terms of this Lease.

6.8. Base Year Adjustment. Notwithstanding anything to the contrary set forth in this Lease, when calculating Operating Expenses for the Base Year, Operating Expenses shall exclude one-time costs and special charges or fees incurred in the Base Year only, including those attributable to market-wide labor-rate increases or other extraordinary circumstances, including, but not limited to, boycotts and strikes, and costs relating to capital improvements or expenditures and weather events.

7. Use; Compliance with Laws.

7.1. Use. The Premises shall be used and occupied by Tenant solely for the Permitted Use set forth in the Basic Lease Information. Tenant shall not use or permit the use of the Premises in any manner that will tend to create waste or a nuisance, or that unreasonably disturbs other tenants or occupants of the Building or Project, or place or maintain any signs, antennas, awnings, lighting or plumbing fixtures, loudspeakers, exterior decoration or similar devices on or visible from the exterior of the Premises, without Landlord's prior written consent, which consent may be withheld in Landlord's sole discretion. Tenant shall not use any corridors, sidewalks, stairs, elevators or other areas outside of the Premises for storage or any purpose other than access to the Premises. Tenant shall not use, keep or permit to be used or kept on the Premises any foul or noxious gas or substance, nor shall Tenant do or permit to be done anything in and about the Premises, either in connection with activities hereunder expressly permitted or otherwise, which would cause an increase in premiums for or a cancellation of any policy of insurance (including fire insurance) maintained by Landlord in connection with the Premises, Building or Project or which would violate the terms of any covenants, conditions or restrictions, the design guidelines, the sign guidelines affecting the Building or the land on which it is located, or the Rules (as the term is defined under Section 7.5.2 below) (and, at Landlord's option, Tenant shall reimburse Landlord for any increase in insurance due to its use or occupancy of the Premises, Building or Project within ten (10) days of Landlord's demand therefor).

7.2. Compliance with Laws.

7.2.1. Tenant. Tenant shall, at Tenant's sole expense, comply promptly with all applicable federal, state and local laws, regulations, ordinances, rules, orders, and requirements in effect during the Term relating to the condition, use or occupancy of the Premises, including, without limitation, the Americans with Disabilities Act (each a "**Law**"). If, in order to comply with any such Law, Tenant must obtain or deliver any permit, certificate or other document evidencing such compliance, Tenant shall provide a copy of such document to Landlord promptly after obtaining or delivering it. Notwithstanding the foregoing, however, Tenant shall not be required to perform any changes to the Premises or any changes to other portions of the

Project due to applicable Laws (including, without limitation, modifications required under federal and/or state disability access laws) unless such changes are triggered or required (or any requirement is enforced) as a result of (i) Tenant's Alterations or Tenant-Insured Improvements (as defined in Section 11), including Tenant's initial alterations, (ii) Tenant's particular use of the Premises, or (iii) Tenant's particular employees or employment practices. The judgment of any court of competent jurisdiction or the admission of Tenant in an action against Tenant, whether or not Landlord is a party thereto, that Tenant has violated any Law shall be conclusive of that fact as between Landlord and Tenant. Tenant shall immediately furnish Landlord with any notices received from any insurance company or governmental agency or inspection bureau regarding any unsafe or unlawful conditions within the Premises or the violation of any Law.

7.2.2. Landlord. Landlord, at its expense (subject to Section 6), shall cause the structural portions of the Building, the Building systems and the Common Areas to comply with all Laws to the extent that (a) such compliance is necessary for Tenant to use the Premises for general office use in a normal and customary manner and for Tenant's employees and visitors to have reasonably safe access to and from the Premises, or (b) Landlord's failure to cause such compliance would impose liability upon Tenant under Law; provided, however, that Landlord shall not be required to cause or pay for such compliance to the extent that (x) Tenant is required to cause or pay for such compliance under Section 7.2.1 or 10 or any other provision hereof, or (y) non-compliance arises under any provision of the ADA other than Title III thereof. Notwithstanding the foregoing, Landlord may contest any alleged violation in good faith, including by applying for and obtaining a waiver or deferment of compliance, asserting any defense allowed by Law, and appealing any order or judgment to the extent permitted by Law; provided, however, that after exhausting any rights to contest or appeal, Landlord shall perform any work necessary to comply with any final order or judgment.

7.2.3. Certified Access Specialist. As of the date of this Lease, the Premises and the Common Areas expected to be in Tenant's path of travel during the Lease term, have not undergone an inspection by a Certified Access Specialist (CAsp) regarding compliance with construction-related accessibility standards. A CAsp can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CAsp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CAsp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CAsp inspection, the payment of the fee for the CAsp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises. This disclosure is made pursuant to Section 1938 of the California Civil Code.

7.2.4. Signs. Tenant shall not attach or install any sign to or on any part of the outside of the Premises, the Building or the Project, or in the halls, lobbies, windows or elevator banks of the Building without Landlord's prior written consent, which consent may be withheld in Landlord's sole discretion. In requesting Landlord's consent, Tenant shall, at Tenant's sole cost, submit to Landlord complete drawings and specifications describing the proposed signage, installation details, and the identity of the proposed contractor. Any signage approved by Landlord shall be subject to prior approval of and conformance with the requirements of the design review committee of the Project and the design review agency of the applicable city and/or county, and shall be installed at Tenant's sole cost and expense. Tenant, at its sole cost and expense, shall (i) maintain all permitted signage in good condition and repair, and (ii) remove such signage upon expiration or earlier termination of this Lease and restore the Building and the Project to their condition existing immediately prior to the placement or erection of said sign or signs in such a condition that no discoloration or other evidence of the prior sign appears on the Building where the sign previously was affixed. If Tenant fails to do so, Landlord may maintain, repair and/or remove such signage and restore the Building and or Project to its original condition without notice to Tenant and at Tenant's expense, the cost of which shall be payable by Tenant as additional rent. Tenant shall ensure that its signage is in compliance with all Laws at all times.

7.3. Suitability. Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty, express or implied, with respect to the Premises, Building or with respect to the suitability or fitness of either for the conduct of Tenant's business or for any other purpose. Tenant shall occupy the Premises in its current "AS-

IS" and "WITH ALL FAULTS" condition. It is specifically understood and agreed that, except as specifically set forth in this Lease, Landlord has no obligation and has made no promises to alter, remodel, improve, repair, decorate or paint the Premises or any part thereof, and that no representations respecting the condition of the Premises, Building or Project have been made by Landlord to Tenant. Without limitation of the foregoing or any other provision of this Lease, Tenant shall be responsible for confirming that Tenant's operations in the Premises are fully compliance with applicable zoning and other applicable governmental codes and Tenant shall adjust Tenant's operations as required in order to comply with the same.

7.4. Use of Common Areas.

7.4.1. Right to Use Common Areas. Landlord gives Tenant and its authorized employees, agents, customers, representatives and invitees the nonexclusive right to use the Common Areas with others who are entitled to use the Common Areas, subject to Landlord's rights as set forth in this Section 7.4.

7.4.2. Rules. All Common Areas shall be subject to the exclusive control and management of Landlord and Landlord shall have the right to establish, modify, amend and enforce reasonable rules and regulations with respect to the Common Areas. Tenant acknowledges receipt of a copy of the current rules and regulations (the "Rules") attached hereto as Exhibit D, and agrees that they may, from time to time, be modified or amended by Landlord in a commercially reasonable manner. Tenant agrees to abide by and conform with the Rules; to cause its employees, representatives, contractors and agents to abide by the Rules; and to use its best efforts to cause its customers and invitees to abide by the Rules.

7.4.3. Use. Landlord shall have the right to close temporarily any portion of the Common Areas for the purpose of discouraging use by parties who are not tenants or customers of tenants; to use portions of the Common Areas while engaged in making additional improvements or repairs or alterations to the Building or the Project; to use or permit the use of the Common Areas by others to whom Landlord may grant or have granted such rights; and to do and perform such acts in, to, and with respect to, the Common Areas as in the use of good business judgment Landlord shall determine to be appropriate for the Project.

7.4.4. Change in Common Areas. Landlord shall have the right to increase or reduce the Common Areas, provided the Project meets the parking requirement under Section 7.6 below.

7.4.5. Recycling; Reporting. Tenant shall cooperate with Landlord in recycling items under any trash recycling program that may be established by Landlord. In the event any governmental authority having jurisdiction over the Project promulgates or revises any Law or imposes mandatory or voluntary controls or guidelines on Landlord relating to the use or conservation of energy or utilities or the reduction of automobile or other emissions (collectively, "**Controls**") or in the event Landlord is required or elects to make alterations to the Project or the Building in order to comply with such mandatory or voluntary Controls, Landlord may, in its sole, but reasonable, discretion, comply with such Controls or make such alterations thereto. Such compliance and the making of such alterations shall not constitute an eviction of Tenant, constructive or otherwise, or impose upon Landlord any liability whatsoever, including, but not limited to, liability for consequential damages or loss of business by Tenant.

7.5. Environmental Matters.

7.5.1. Hazardous Materials. For purposes of this Lease, "**Hazardous Materials**" means any explosive, radioactive materials, hazardous wastes, or hazardous substances, including without limitation asbestos containing materials, PCB's, CFC's, or substances defined as "hazardous substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601-9657; the Hazardous Materials Transportation Act of 1975, 49 U.S.C. Section 1801-1812; the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901-6987; or any other Laws regulating, relating to, or imposing liability or standards of conduct concerning any such materials or substances now or at any time hereafter in effect (collectively, "**Hazardous Materials Laws**"). Tenant shall not cause or permit the storage, use, generation, release, handling or disposal (collectively, "**Handling**") of any Hazardous Materials in, on, or about the Premises or the Project by Tenant or any agents, employees, contractors, licensees, subtenants, customers, guests or invitees of Tenant (collectively with Tenant, "**Tenant Parties**" and,

individually, a “**Tenant Party**”), except that Tenant shall be permitted to use normal quantities of office supplies or products customarily used in the conduct of general business office activities and cleaning supplies or products customarily used in the conduct of janitorial activities (collectively, “**Permitted Chemicals**”), provided that the Handling of such Permitted Chemicals shall comply at all times with all Laws, including Hazardous Materials Laws. Notwithstanding anything to the contrary contained herein, however, in no event shall Tenant permit any usage of Permitted Chemicals in a manner that may cause the Premises or Project to be contaminated by any Hazardous Materials or in violation of any Hazardous Materials Laws. Tenant shall immediately advise Landlord in writing of (a) any and all enforcement, cleanup, remedial, removal, or other governmental or regulatory actions instituted, completed, or threatened pursuant to any Hazardous Materials Laws relating to any Hazardous Materials affecting the Premises; and (b) all claims made or threatened by any third party against Tenant, Landlord, the Premises or Project relating to damage, contribution, cost recovery, compensation, loss, or injury resulting from any Hazardous Materials on or about the Premises. Without Landlord’s prior written consent, Tenant shall not take any remedial action or enter into any agreements or settlements in response to the presence of any Hazardous Materials in, on, or about the Premises.

7.5.2. Tenant’s Covenants. Tenant shall at its own expense procure, maintain in effect, and comply with all conditions of any and all permits, licenses, and other governmental and regulatory approvals required in connection with Tenant’s generation, use, storage, disposal and transportation of Hazardous Materials that are Permitted Chemicals. Tenant acknowledges that mold spores can grow in almost any moist location, and shall adopt and enforce good housekeeping practices, ventilation and vigilant moisture control within the Premises so as to keep the Premises free from mold. Tenant expressly assumes and accepts any and all risks involved in or related to, and releases Landlord and the Indemnitees (as defined below) from liability for any personal injury or damages to property caused by or associated with moisture or the growth or occurrence of mold or mildew within the Premises during the Term, except to the extent such mold or mildew is due to the gross negligence or willful misconduct of Landlord.

7.5.3. Notice. Tenant shall immediately notify Landlord in writing of: (a) any enforcement, cleanup, removal or other governmental or regulatory action instituted, completed or threatened pursuant to any Hazardous Materials Law; (b) any claim made or threatened by any person or entity against Tenant or the Premises relating to damage, contribution, cost, recovery, compensation, loss or injury resulting from or claimed to result from any Hazardous Materials; and (c) any reports, information, inquiries or demands made, ordered, or received by or on behalf of Tenant which arise out of or in connection with the existence or potential existence of any Hazardous Materials in, on, under or about the Premises, the Building or the Project, including, without limitation, any complaints, notices, warnings, asserted violations, or mandatory or voluntary informational filings with any governmental agency in connection therewith, and immediately supply Landlord with copies thereof.

7.5.4. Indemnity. Tenant shall be solely responsible for and shall indemnify, defend (by counsel reasonably acceptable to Landlord), protect and hold harmless Landlord, and each of Landlord’s officers, directors, partners, employees, affiliates, joint venturers, members, trustees, owners, shareholders, principals, agents, representatives, lenders, successors and assigns (collectively with Landlord, the “**Indemnitees**”), from and against any and all claims, liabilities, damages, fines, penalties, forfeitures, losses, cleanup and remediation costs or expenses (including attorneys’ fees) (collectively, “**Claims**”), including Claims in connection with the death of or injury to any person or damage to any property whatsoever, arising from or caused in whole or in part, directly or indirectly, by (i) the use, analysis, generation, manufacture, storage, release, disposal, or transportation of Hazardous Materials by Tenant and any Tenant Parties to, in, on, under, about or from the Premises, the Building or the Project, or (ii) Tenant’s failure to comply with any Hazardous Materials Law, or (iii) or any removal, cleanup, or restoration work and materials necessary to return the Project or any other property of whatever nature located on the Project to their condition existing prior to the Handling of Hazardous Materials in, on or about the Premises by any Tenant Party. Tenant’s obligations hereunder shall include, without limitation, and whether foreseeable or unforeseeable, all costs of any required or necessary repair, cleanup, detoxification or decontamination of the Premises, the Building, or the Project and the preparation and implementation of any closure, remedial action or other required plans in connection therewith, and shall survive the expiration or earlier termination of this Lease. Tenant’s obligations under this Section 7.5 shall survive the expiration or other termination of this Lease.

7.5.5. Landlord's Rights. Landlord shall have the right to enter the Premises at all times upon reasonable prior notice for the purposes of ascertaining compliance by Tenant with all applicable Hazardous Materials Laws; provided, however, that in the instance of an emergency no notice shall be required. Landlord shall have the option to declare a default of this Lease for the release or discharge of Hazardous Materials by Tenant or Tenant's employees, agents, contractors, or invitees on the Premises, Building or Project in violation of law or in deviation from prescribed procedures in Tenant's use or storage of Hazardous Materials. If Tenant fails to comply with any of the provisions under this Section 7.5, Landlord shall have the right (but not the obligation) to remove or otherwise cleanup any Hazardous Materials from the Premises, the Building or the Project. In such case, the costs of any Hazardous Materials investigation, removal or other cleanup (including, without limitation, transportation, storage, disposal and attorneys' fees and costs) will be additional rent due under this Lease, whether or not a court has ordered the cleanup, and will become due and payable on demand by Landlord.

7.6. Parking. Landlord grants to Tenant and Tenant's customers, suppliers, employees and invitees during the Term the right to use in the parking areas designated on Exhibit A-2 the number of parking spaces stated in the Basic Lease Information on a non-exclusive basis for the use of passenger vehicles, subject to rights reserved to Landlord as specified in this Section 7.6. Landlord reserves the right to grant similar nonexclusive or exclusive rights to other tenants; to promulgate rules and regulations relating to the use of the including parking area; to make changes in the parking layout from time to time; and to do and perform any other acts in and to these areas and improvements as Landlord determines to be advisable. Tenant agrees not to overburden the parking facilities and to abide by and conform with the rules and regulations and to cause its employees and agents to abide by and conform to the rules and regulations. Upon request, Tenant shall provide Landlord with license plate numbers of all vehicles driven by its employees and to cause Tenant's employees to park only in spaces specifically designated for tenant parking. Landlord shall have the unqualified right to rearrange or reduce the number of parking spaces. Landlord may, in its sole discretion, assign any unreserved and unassigned parking privileges, and/or make all or a portion of such privileges reserved and/or institute a valet/tandem parking system serving the Building, and/or charge visitors for parking. Tenant may only park normally sized passenger automobiles or motorcycles, fully contained inside the marked stalls, and overnight parking is prohibited without the written consent of Landlord (which may be withheld in Landlord's sole discretion. Tenant shall not allow any contractor, agent or employee vehicles be loaded, unloaded, or parked in areas other than those designated by Landlord for such activities. If Tenant permits or allows any of the prohibited activities described herein, then Landlord shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost thereof to Tenant, which cost shall be immediately payable by Tenant upon demand by Landlord. Landlord shall not be liable for any loss, injury or damage to persons using any Project parking areas, or automobiles or other property therein, it being agreed that, to the fullest extent permitted by law, the use of any parking shall be at the sole risk of Tenant and its employees, contractors, agents and invitees.

8. Utilities and Services. Landlord shall (i) furnish the Premises with water, and with electricity for lighting fixtures and standard office machines, (ii) furnish the Premises with heating, ventilation and air conditioning (HVAC) at reasonable levels as determined by Landlord, Monday through Friday from 7 AM to 6 PM ("**Normal Business Hours**"), national holidays excluded ("**Normal Business Days**") and (iii) provide daily janitorial service to the Premises and the Common Areas of the Building on Normal Business Days. The cost for after-hours HVAC usage shall be charged at Landlord's Building-standard rate in effect from time to time, shall be for a minimum of two (2) hours, and shall require a minimum of 24 hours prior notice to Landlord. Landlord shall have the right, at Tenant's sole cost and expense, to install separate metering for electricity and water to the Premises, in which event Tenant shall pay for its actual usage. Landlord's obligation to provide utilities and services for the Premises are subject to Laws (including the rules or actions of the public utility company furnishing the utility or service), and shutdowns for maintenance and repairs, for security purposes, or due to strikes, lockouts, labor disputes, fire or other casualty, acts of God, or other causes beyond the control of Landlord. In the event of an interruption in, or failure or inability to provide any service or utility for the Premises for any reason, such interruption, failure or inability shall not constitute an eviction of Tenant, constructive or otherwise, or impose upon Landlord any liability whatsoever, including, but not limited to, liability for consequential damages or loss of business by Tenant, or entitle Tenant to any abatement or offset of Rent. Tenant hereby waives the

provisions of California Civil Code Section 1932(1) or any other applicable existing or future Law permitting the termination of this Lease due to such interruption, failure or inability.

9. Maintenance and Repairs.

9.1 **Tenant's Repairs and Maintenance.** Tenant shall, at Tenant's expense, maintain the Premises in good order, condition and repair, including without limitation, (i) all interior surfaces, ceilings, walls, door frames, window frames, floors, carpets, draperies, window coverings and fixtures, (ii) all windows, doors, locks and closing devices, entrances, plate glass, and signs, (iii) all phone lines, electrical wiring, equipment, switches, outlets and light bulbs, (iv) all of Tenant's personal property, improvements and Alterations, and (vii) all other fixtures and special items installed by or for the benefit of, or at the expense of Tenant. Tenant shall not enter onto the roof area of the Building, except for the purpose of maintaining the heating, ventilating, and air conditioning equipment to the extent Tenant is required to do so under the terms of this Lease. As provided in Section 9.2 below, Landlord is responsible for maintenance of the Building HVAC system serving the Building, including the portions serving the Premises. If applicable, Tenant, at its expense, shall maintain in good operating condition and repair all supplemental heating, ventilating, and air conditioning equipment serving the Premises, such as a dedicated server room cooling system, for example, whether located inside or outside the Premises (collectively, "Tenant's HVAC"). Tenant shall keep in force a preventive maintenance with a qualified maintenance company acceptable to Landlord covering all of Tenant's HVAC and shall annually provide Landlord with a copy of this contract. Tenant shall not enter onto the roof area of the Building, except for the purpose of maintaining Tenant's HVAC to the extent Tenant is required to do so under the terms of this Lease. Tenant shall repair any damage to the roof area caused by its entry.

9.2 **Landlord's Repairs and Maintenance.** Landlord shall keep in good condition and repair the foundation, roof structure, exterior walls and other structural parts of the Building, the Building HVAC, and all other portions of the Building not the obligation of Tenant or any other tenant in the Building. Tenant expressly waives the benefits of any statute, including Civil Code Sections 1941 and 1942, which would afford Tenant the right to make repairs at Landlord's expense or to terminate this Lease due to Landlord's failure to keep the Building in good order, condition and repair. In connection with any such alteration, improvement or repair, Landlord may erect scaffolding and other structures reasonably required for the work to be performed. In no event shall such entry or work entitle Tenant to an abatement of rent, constitute an eviction of Tenant, constructive or otherwise, or impose upon Landlord any liability whatsoever, including but not limited to liability for consequential damages or loss of business or profits by Tenant. Landlord shall use good faith efforts to cause all such work to be done in such a manner as to cause as little interference to Tenant as reasonably possible without incurring additional expense. Landlord shall at all times retain a key with which to unlock all of the doors in the Premises, except Tenant's vaults and safes. If an emergency necessitates immediate access to the Premises, Landlord may use whatever force is necessary to enter the Premises. Any such entry to the Premises shall not constitute a forcible or unlawful entry into the Premises, a detainer of the Premises, or an eviction of Tenant from the Premises, or any portion thereof. Landlord shall have no liability to Tenant for any damage, inconvenience or interference with the use of the Premises by Tenant as the result of Landlord performing any such maintenance and repair work.

9.3 **Failure to Repair or Maintain.** In the event Tenant fails to perform Tenant's obligations under this Section 9, Landlord may, but shall not be required to, give Tenant notice to do such acts as are reasonably required to so maintain the Premises. If Tenant shall fail to commence such work and diligently prosecute it to completion, then Landlord shall have the right (but not the obligation) to do such acts and expend such funds at the expense of Tenant as are reasonably required to perform such work. Any amounts so expended by Landlord, plus a fifteen percent (15%) administrative fee, will be additional rent due under this Lease, due and payable on demand by Landlord, together with interest at the Interest Rate from the date incurred until paid by Tenant. Landlord shall have no liability to Tenant for any such damages, inconvenience or interference with the use of the Premises by Tenant as a result of performing such work.

9.4 **Surrender of Premises; Holdover.** Upon the expiration or earlier termination of this Lease, Tenant shall surrender the Premises to Landlord in good condition and repair,

ordinary wear and tear excepted, free from all persons, debris, personal property and trade fixtures.

9.4.1 The term "**ordinary wear and tear**" as used herein shall mean wear and tear which manifests itself solely through normal intensity of use and passage of time consistent with the employment of commercially prudent measures to protect finishes and components from damage and excessive wear, the application of regular and appropriate preventative maintenance practices and procedures, routine cleaning and servicing, waxing, polishing, adjusting, repair, refurbishment and replacement at a standard of appearance and utility and as often as appropriate for Class A corporate and professional office occupancies in the vicinity of the Project (the "**Market**"). The term "ordinary wear and tear" would thus encompass the natural fading of painted surfaces, fabric and materials over time, and carpet wear caused by normal foot traffic. To the extent that such wear and tear exceeds the normal Class A office occupancy standards of the Market, such would be considered items of deferred maintenance indicative of a degradation of the improvements. The term "ordinary wear and tear" shall not include any damage or deterioration that could have been prevented by Tenant's employment of ordinary prudence, care and diligence in the occupancy and use of the Premises and the performance of all of its obligations under this Lease. Items not considered reasonable wear and tear hereunder include the following for which Tenant shall bear the obligation for repair and restoration (except to the extent caused by the gross negligence or willful misconduct of Landlord or its employees or agents) (i) excessively soiled, stained, worn or marked surfaces or finishes; (ii) damage, including holes in building surfaces (e.g., cabinets, doors, walls, ceilings and floors) caused by the installation or removal of Tenant's trade fixtures, furnishings, decorations, equipment, alterations, utility installations, security systems, communications systems (including cabling, wiring and conduits), displays and signs; and (iii) damage to any component, fixture, hardware, system or component part thereof within the Premises, and any such damage to the Building or Project, caused by Tenant or its agents, contractors or employees, and not fully recovered by Landlord from insurance proceeds. Tenant, at its sole cost and expense, agrees to repair any damages to the Premises caused by or in connection with the removal of any articles of personal property, business or trade fixtures, signs, machinery, equipment, cabinetwork, furniture, moveable partitions or permanent improvements or additions, including without limitation thereto, repairing the floor and patching and painting the walls where required by Landlord to Landlord's reasonable satisfaction. Tenant shall indemnify Landlord against any loss or liability resulting from delay by Tenant in so surrendering the Premises, including without limitation, any claims made by any succeeding tenant resulting from such delay.

9.4.2. Prior to the expiration or termination of this Lease, Tenant shall remove from the Premises any Alterations as directed by Landlord, shall surrender all keys to the Premises or any other part of the Building or Project, and shall make known to Landlord the combination of locks on all safes, cabinets and vaults that may be located in the Premises.

9.4.3 Should Tenant, or any of its successors in interest, hold over in the Premises, or any part thereof, after the expiration of the Term unless otherwise agreed to in writing, Tenant's continued possession shall be on the basis of a tenancy at sufferance and Tenant shall pay as monthly Base Rent during the holdover period an amount equal to two hundred percent (200%) of the Base Rent and additional Rent payable under this Lease for the last full month prior to the date of such expiration or termination. In addition, Tenant shall indemnify, protect, defend and hold harmless Landlord for all losses, expenses and damages, including any consequential damages incurred by Landlord, as a result of Tenant failing to surrender the Premises to Landlord and vacate the Premises by the end of the Term. The inclusion of the preceding sentence shall not be construed as Landlord's permission for Tenant to hold over.

9.4.4 Tenant shall indemnify, defend and hold Landlord harmless from and against all Claims incurred by or asserted against Landlord and arising directly or indirectly from Tenant's failure to timely surrender the Premises, including but not limited to (i) any rent payable by or any loss, cost, or damages, including lost profits, claimed by any prospective tenant of the Premises or any portion thereof, and (ii) Landlord's damages as a result of such prospective tenant rescinding or refusing to enter into the prospective lease of the Premises or any portion thereof by reason of such failure to timely surrender the Premises.

9.4.5 This Section 9.4 shall survive termination or earlier expiration of the Lease.

9.5 Construction. Tenant acknowledges that from time to time throughout the term of this Lease, construction work may be performed in and about the Building and the Real Property by Landlord, contractors of Landlord, or other tenants or their contractors, and that such construction work may result in noise and disruption to Tenant's business. In addition to and without limiting the foregoing waiver or any other provision of this Lease, Tenant agrees that Landlord shall not be liable for, and Tenant expressly waives and releases Landlord and the other Indemnitees from any Claims, including without limitation, any and all consequential damages or interruption or loss of business, income or profits, or claims of actual or constructive eviction or for abatement of rental, arising or alleged to be arising as a result of any such construction activity.

10. Alterations.

10.1 Consent Required. Tenant shall not make any alterations, improvements or additions (each, an "**Alteration**") in, on or about the Premises without Landlord's prior written consent, which consent may be withheld by Landlord in its sole and absolute discretion. Notwithstanding the foregoing, Tenant may make Alterations without Landlord's prior written consent but following at least ten (10) days written notice to Landlord where (i) the reasonably estimated cost of the Alteration and together with the cost of any other Alteration made during the immediately preceding twelve (12) months does not exceed Ten Thousand Dollars (\$10,000), and (ii) such Alterations do not affect or involve the structural integrity, roof membrane, exterior areas, building systems or water-tight nature of the Premises, Building or Project, and (iii) such Alterations are of a cosmetic nature (such as new paint or carpeting) and not visible from outside the Building. In requesting Landlord's consent, Tenant shall, at Tenant's sole cost, submit to Landlord complete drawings and specifications describing the Alteration and the identity of the proposed contractor.

10.2 Conditions.

10.2.1 Notice. Before commencing any work relating to Alterations, Tenant shall notify Landlord of the expected date of commencement thereof and of the anticipated cost thereof. Landlord shall then have the right at any time and from time to time to post and maintain on the Premises such notices as Landlord reasonably deems necessary to protect the Premises and Landlord from mechanics' liens or any other liens.

10.2.2 Liens. Tenant shall pay when due all claims for labor or materials furnished to Tenant for use in the Premises. Tenant shall not permit any mechanics' liens or any other liens to be levied against the Premises for any labor or materials furnished to Tenant in connection with work performed on the Premises by or at the direction of Tenant. Tenant shall indemnify, hold harmless and defend Landlord (by counsel reasonably satisfactory to Landlord) from any liens and encumbrances arising out of any work performed or materials furnished by or at the direction of Tenant. In the event that Tenant shall not, within five (5) days following the imposition of any such lien, cause such lien to be released of record by payment or posting of a proper bond, Landlord shall have, in addition to all other remedies provided herein by law, the right, but not the obligation, to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All such sums paid by Landlord and all expenses incurred by it in connection therewith, including attorneys' fees and costs, shall be payable to Landlord by Tenant on demand with interest at the Interest Rate.

10.2.3 Compliance with Laws. All Alterations in or about the Premises performed by or on behalf of Tenant at Tenant's sole cost and expense (including the expense of complying with all present and future Laws and any other work required to be performed in other areas within or outside the Premises by reason of the Alterations), shall be done in a first-class, workmanlike manner, shall not unreasonably lessen the value of leasehold improvements in the Premises, and shall be completed in compliance with all applicable Laws as well as the requirements of insurers of the Premises and the Building.

10.2.4 Landlord Review. The general contractor and subcontractors performing Alterations in the Premises shall be subject to Landlord's prior written approval, not to be unreasonably withheld or delayed, and shall be reputable and licensed, and maintain such insurance as Landlord may reasonably require. Regardless of the contractors who perform the work pursuant to the above, Tenant shall pay Landlord on demand prior to or during the course of such construction an amount (the "**Alteration Operations Fee**") equal to two percent (2%) of

the total cost of the Alteration (and for purposes of calculating the Alteration Operations Fee, such cost shall include architectural and engineering fees, but shall not include permit fees) as compensation to Landlord for Landlord's internal review of Tenant's plans and general oversight of the construction (which oversight shall be solely for the benefit of Landlord and shall in no event be a substitute for Tenant's obligation to retain such project management or other services as shall be necessary to ensure that the work is performed properly and in accordance with the requirements of this Lease) or four percent (4%) of the total cost of the Alteration where Tenant asks Landlord to provide management oversight services therefor and Landlord agrees to do so. Tenant shall also reimburse Landlord for Landlord's actual and reasonable out-of-pocket expenses, if any, for fees paid to third party architects, engineers and other consultants for review of the plans and specifications, and for any other actual and reasonable out-of-pocket costs incurred by Landlord as result of the work. Upon request, Tenant shall advise Landlord of the total cost of the Alteration, providing supporting documentation. Landlord, at Landlord's sole discretion, may refuse to grant Tenant permission for Alterations that require, because of application of Americans with Disabilities Act or other laws, substantial improvements or alterations to be made to the Common Areas. Tenant shall provide Landlord with a set of "as built" drawings upon completion of any Alterations

10.2.5 End of Term. Landlord, by written notice, may require that Tenant, at Tenant's expense, remove any Alterations prior to or upon the expiration of this Lease, and restore the Premises to their condition prior to such Alterations, including without limitation the removal of all conduits, telephone and data cabling. Unless Landlord requires their removal, as provided above, all Alterations made to the Premises shall become the property of Landlord and remain upon and be surrendered with the Premises upon the expiration of this Lease; provided, however, that Tenant's machinery, equipment and trade fixtures, other than any which may be affixed to the Premises so that they cannot be removed without material damage to the Premises, shall remain the property of Tenant and shall be removed by Tenant subject to the provisions of Section 9.4 above.

10.2.6 Labor Disturbances. Tenant agrees not to employ any person, entity or contractor for any work in the Premises (including moving Tenant's equipment and furnishings in, out or around the Premises) whose presence may give rise to a labor or other disturbance in the Building and Tenant shall take whatever steps are necessary to end any labor disturbance in or at the Real Property related to its failure to employ union labor.

10.2.7 Work by Tenant. Any Alterations or other work performed by Tenant or its agents, contractors, subcontractors or employees in or about the Premises, Building or Project, whether pursuant to the Work Letter Agreement or otherwise, and regardless of whether a permit is required, shall comply with Landlord's Construction Standards in effect from time to time. A copy of Landlord's current Construction Standards are attached to this Lease as Exhibit E.

11. Insurance and Indemnity

11.1. Insurance. Tenant shall, at Tenant's expense, maintain during the term of this Lease (and, if Tenant occupies or conducts activities in or about the Premises prior to or after the term hereof, then also during such pre-term or post-term period) the following insurance:

11.1.1. Commercial General Liability Insurance. Commercial general liability insurance (occurrence form) having a combined single limit of not less than \$2,000,000 per occurrence and \$2,000,000 aggregate per location, if Tenant has multiple locations, providing coverage for, among other things, blanket contractual liability, premises, product/completed operations and personal injury coverage (in a form, with a deductible amount, and with carriers reasonably acceptable to Landlord). Where commercial general liability insurance contains an aggregate limit, such limit must apply separately to the Premises, on a per location basis. A combination of Commercial General Liability and Excess or Umbrella liability may be used to meet this requirement.

11.1.2. Automobile Liability Insurance. If Tenant operates owned, leased or non-owned vehicles on the Project, comprehensive automobile liability insurance having a combined single limit of not less than Two Million Dollars (\$2,000,000) per occurrence, and insuring Tenant against liability for claims arising out of ownership, maintenance or use of any

owned, hired, borrowed or non-owned automobiles. A combination of Commercial Auto Liability and Excess or Umbrella liability may be used to meet this requirement;

11.1.3. Workers' Compensation and Employer's Liability Insurance.

Workers' compensation insurance having limits not less than those required by state statute and federal statute, if applicable, and covering all persons employed by Tenant in the conduct of its operations on the Premises (including the all states endorsement and, if applicable, the volunteers endorsement), together with employer's liability insurance coverage in the amount of at least Two Million Dollars (\$2,000,000), including a waiver of subrogation in favor of Landlord and it's property manager. A combination of Employers' Liability and Excess or Umbrella liability may be used to meet this requirement;

11.1.4. Property Insurance. "Special Form" property insurance (or its equivalent if "Special Form" property insurance is not available), including vandalism and malicious mischief, boiler and machinery comprehensive form, if applicable, and endorsement for water damage, each covering damage to or loss of (i) all office furniture, trade fixtures, office equipment, free-standing cabinet work, movable partitions, merchandise and all other items of Tenant's property in the Premises installed by, for, or at the expense of Tenant, including electronic data processing equipment ("**EDP Equipment**"), and (ii) any leasehold improvements in the Premises, whenever and by whomever installed or paid for, including any Tenant Improvements installed pursuant to the Work Letter Agreement and any Alterations (defined in Section 10), whether pursuant to this Lease or pursuant to any prior lease or other agreement to which Tenant was a party (the "**Tenant-Insured Improvements**"). EDP Equipment, media and extra expense shall be covered for perils insured against in the so-called "EDP Form". If the property of Tenant's invitees is to be kept in the Premises, warehouse's legal liability or bailee customers insurance for the full replacement cost of such property;

11.1.5. Business Income/Extra Expense Insurance. Business income with extra expense insurance (form CP 0030 or equivalent) in an amount not less than the annual Base Rent and additional rent payable by Tenant hereunder for the then current calendar year, with a minimum fifty percent (50%) coinsurance percentage, the agreed value option and building ordinance (Form CP 1531 or equivalent). Any boiler and machinery policies or endorsements obtained shall also include these same provisions and coverages; and

11.1.6. Additional Insurance. Any such other insurance as Landlord or Landlord's lender may reasonably require.

11.2. General. Each insurance policy required pursuant to this Section shall be issued by a carrier authorized to do business in the state in which the Project is Located, and have a policyholders and financial rating of at least A:IX Class status as rated in the most recent edition of Best's Key-Rating guide. Tenant's commercial general liability insurance policy shall be endorsed to provide that (i) it may not be canceled or altered in such a manner as to adversely affect the coverage afforded thereby without thirty (30) days' prior written notice to Landlord, (ii) Landlord, its property manager, and any person or entity reasonably designated by Landlord, is designated as an additional insured, and (iii) such insurance is primary with respect to Landlord, its property manager, and other designated additional insureds, and that any other insurance maintained by Landlord is excess and noncontributing with such insurance. The above policies shall not have deductibles in excess of \$10,000 without Landlord's written consent. If, in the opinion of Landlord's lender or in the commercially reasonable opinion of Landlord's insurance adviser, the specified amounts of coverage are no longer adequate, such coverage shall, within thirty (30) days' written notice to Tenant, be appropriately adjusted. Prior to the Commencement Date (or Tenant's earlier entry onto the Premises), Tenant shall deliver to Landlord a duplicate of such policy or a certificate thereof to Landlord for retention by it with endorsements. At least five (5) days prior to the expiration of such policy or any renewal or modification thereof, Tenant shall deliver to Landlord a replacement or renewal binder, followed by a duplicate policy or certificate within a reasonable time thereafter. If Tenant fails to obtain such insurance or to furnish Landlord any such duplicate policy or certificate as herein required, Landlord may, at its election, without notice to Tenant and without any obligation to do so, procure and maintain such coverage and Tenant shall reimburse Landlord on demand as additional rent for any premium so paid by Landlord. In no event shall any insurance maintained by Tenant hereunder or required to be maintained by Tenant hereunder be deemed to limit or satisfy Tenant's indemnification or other obligations or liability under this Lease. Nothing in

this Section 11 shall be construed as creating or implying the existence of (i) any ownership by Tenant of any Alterations or improvements in or to the Premises or (ii) any right on Tenant's part to make any addition, Alteration or improvement in or to the Premises.

11.3. Waiver of Subrogation. Each party hereto hereby releases the other respective party and, in the case of Tenant as the releasing party, the other Indemnitees, and the respective partners, shareholders, agents, employees, officers, directors and authorized representatives of such released party, from any claims such releasing party may have for damage to the Project, Building, the Premises or any of such releasing party's fixtures, personal property, improvements and alterations in or about the Premises, the Building or the Project that is caused by or results from risks insured against under any "special form" insurance policies actually carried by such releasing party or deemed to be carried by such releasing party; provided, however, that such waiver shall be limited to the extent of the net insurance proceeds payable by the relevant insurance company with respect to such loss or damage (or in the case of deemed coverage, the net proceeds that would have been payable). For purposes of this Section 11.3, Tenant shall be deemed to be carrying any of the insurance policies required pursuant to this Lease but not actually carried by Tenant, and Landlord shall be deemed to carry standard special form property insurance on the Building. Each party hereto shall cause each such fire and extended coverage insurance policy obtained by it to provide that the insurance company waives all rights of recovery by way of subrogation against the other respective party and the other released parties in connection with any matter covered by such policy.

11.4. Landlord's Insurance. During the Term, Landlord shall keep the Building insured against loss or damage by fire, with extended coverage and vandalism, malicious mischief and special extended perils (special form) endorsements or their equivalents, in amounts not less than one hundred percent (100%) of the replacement cost of the Building and structures insured. Landlord may maintain rent insurance, for the benefit of Landlord, equal to at least one year's Base Rent hereunder. If this Lease is terminated as a result of damage by fire, casualty or earthquake, all insurance proceeds shall be paid to and retained by Landlord, subject to the rights of any authorized encumbrancer of Landlord.

11.5. Earthquake and Flood. Tenant acknowledges that Landlord may not carry earthquake and/or flood insurance during the entirety of the Term of the Lease. If Landlord adds or removes such insurance coverage during the Term of the Lease, then Landlord shall adjust the Operating Expenses for the Base Year to include or exclude the Base Year premium or initial annual premium (if such coverage is added after the Base Year) for such coverage as applicable.

11.6. Indemnity. Tenant waives all claims against Landlord for any injury to Tenant's business or loss of income therefrom, damage to any property or injury to or death of any person in, on, or about the Premises, the Building, or any other portion of the Project arising at any time and from any cause whatsoever, including without limitation, water leakage of any character from the roof, walls, basement, fire sprinklers, appliances, air conditioning, plumbing or other portion of the Premises or the Project, or gas, fire, explosion, falling plaster, steam, electricity, or any malfunction within the Premises or the Project, or acts of other tenants of the Project, unless caused by the gross negligence or willful misconduct of Landlord or its agents, employees or contractors. Tenant shall indemnify, defend (by counsel reasonably satisfactory to Landlord) and hold harmless Landlord, and Landlord Indemnitees from and against all Claims, arising by reason of any death, bodily injury, personal injury, property damage or any other injury or damage in connection with (i) Tenant's use or occupancy of the Premises; (ii) any condition or occurrence in or about or resulting from any condition or occurrence in or about the Premises during the Term; (iii) any construction work undertaken by or on behalf of Tenant in or about the Premises; (iv) any act or omission of Tenant, or Tenant's agents, representatives, officers, directors, shareholders, partners, employees, successors and assigns, wherever it occurs; or (iv) any Event of Default. The foregoing indemnity obligation of Tenant shall include reasonable attorneys' fees, and all other reasonable costs and expenses incurred by Landlord from the first notice that any claim or demand is to be made. The provisions of this Section shall survive the termination or expiration of this Lease with respect to any damage, injury, or death occurring prior to such expiration or termination.

11.7. Evidence of Insurance. Upon the mutual execution and delivery of this Lease, Tenant shall submit a compliant Certificate of Insurance ("COI") to Landlord at

apcoi@basin-street.com. Tenant shall not be permitted to take occupancy of, commence work in, or otherwise enter the Premises without a representative of Landlord until a compliant COI has been received, and any such delay in occupancy, construction or entry shall not delay the Commencement Date of the Lease or Tenant's obligation to pay Rent. A renewal or replacement compliant COI shall be submitted by Tenant to Landlord at apcoi@basin-street.com at least ten (10) days prior to the renewal or expiration of the required insurance. Tenant shall give Landlord not less than thirty (30) days' written notice prior to any cancellation or material change in coverage.

12. Damage or Destruction.

12.1. Landlord's Obligation to Rebuild. Subject to the provisions of Sections 12.2, 12.3 and 12.4 below, if, during the Term, the Premises are totally or partially destroyed from any insured casualty, Landlord shall, within ninety (90) days after the destruction, commence to restore the Premises to substantially the same condition as they were in immediately before the destruction and prosecute the same diligently to completion. Such destruction shall not terminate this Lease. Landlord's obligation shall not include repair or replacement of Tenant's Alterations or Tenant's equipment, furnishings, fixtures and personal property. If the existing Laws do not permit the Premises to be restored to substantially the same condition as they were in immediately before destruction, and Landlord is unable to get a variance to such laws to permit the commencement of restoration of the Premises within the 90-day period, then either party may terminate this Lease by giving written notice to the other party within thirty (30) days after expiration of the 90-day period.

12.2. Right to Terminate. Landlord shall have the option to terminate this Lease if the Premises or the Building is destroyed or damaged by fire or other casualty, regardless of whether the casualty is insured against under this Lease, if Landlord reasonably determines that (i) there are insufficient insurance proceeds made available to Landlord to pay all of the costs of the repair or restoration or (ii) the repair or restoration of the Premises or the Building cannot be completed within one hundred eighty (180) days after the date of the casualty. If Landlord elects to exercise the right to terminate this Lease as a result of a casualty, Landlord shall exercise the right by giving Tenant written notice of its election to terminate this Lease within forty-five (45) days after the date of the casualty, in which event this Lease shall terminate fifteen (15) days after the date of the notice. If Landlord does not exercise its right to terminate this Lease, Landlord shall promptly commence the process of obtaining all of the necessary permits and approvals for the repair or restoration of the Premises or the Building as soon as practicable and thereafter prosecute the repair or restoration of the Premises or the Building diligently to completion and this Lease shall continue in full force and effect.

12.3. Last Year of Term. In addition to Landlord's right to terminate this Lease under Section 12.2, Landlord shall have the right to terminate this Lease upon thirty (30) days' prior written notice to Tenant if the Premises or Building is substantially destroyed or damaged during the last twelve (12) months of the Term. Landlord shall notify Tenant in writing of its election to terminate this Lease under this Section 12.3, if at all, within forty-five (45) days after Landlord determines that the Premises or Building has been substantially destroyed. If Landlord does not elect to terminate this Lease, the repair of the Premises or Building shall be governed by Sections 12.1, 12.2 and 12.4.

12.4. Uninsured Casualty. If the Premises are damaged from any uninsured casualty to any extent whatsoever, Landlord may within ninety (90) days following the date of such damage: (i) commence to restore the Premises to substantially the same condition as they were in immediately before the destruction and prosecute the same diligently to completion, in which event this Lease shall continue in full force and effect; or (ii) within the 90-day period Landlord may elect not to so restore the Premises, in which event this Lease shall cease and terminate. In either such event, Landlord shall give Tenant written notice of its intention within the 90-day period.

12.5. Abatement of Rent. If the fire or other casualty damages the Premises necessary for Tenant's use and occupancy of the Premises, and Tenant ceases to use any portion of the Premises as a result of such damage, and the damage does not result from the negligence or willful misconduct of Tenant or any other Tenant Parties, then during the period the Premises or portion thereof are rendered unusable by such damage, until Landlord substantially completes

its reconstruction obligations, Base Rent shall be proportionately reduced based upon the extent to which the damage and repair prevents Tenant from conducting, and Tenant does not conduct, its business at the Premises. All other obligations of Tenant under this Lease shall remain in full force and effect. In no event shall Tenant be entitled to any compensation or damages from Landlord for loss of use of the whole or any part of the Premises or for any inconvenience occasioned by any such destruction, rebuilding or restoration of the Premises, the Building or access thereto, except for the rent abatement expressly provided above. Tenant hereby waives California Civil Code Sections 1932(2) and 1933(4), providing for termination of hiring upon destruction of the thing hired and Sections 1941 and 1942, providing for repairs to and of premises.

13. Eminent Domain.

13.1. Condemnation. If all or any part of the Premises shall be taken as a result of the exercise of the power of eminent domain or sold in lieu of condemnation (“**Condemned**”), this Lease shall terminate as to the part so taken as of the date of title vesting in such proceeding. In the case of a partial condemnation of greater than fifty percent (50%) of the rentable area of the Premises, either Landlord or Tenant shall have the right to terminate this Lease as to the balance of the Premises by notice to the other within sixty (60) days after the date of title vesting in such proceeding; provided, however, that Tenant’s right to terminate this Lease is conditioned upon the remaining portion of the Premises being of such size or configuration that such remaining portion of the Premises is unusable or uneconomical for Tenant’s business. In the event of a partial condemnation of the Premises which does not result in a termination of this Lease, the monthly Base Rent thereafter to be paid shall be equitably reduced on a rentable square footage basis. If all or any material part of the Project other than the Premises is taken, Landlord may terminate this Lease upon written notice to Tenant given within ninety (90) days after the date of taking.

13.2. Award. Landlord shall be entitled to all compensation, damages, income, rent awards and interest thereon whatsoever which may be paid or made in connection with any taking and Tenant shall have no claim against Landlord or any governmental authority for the value of any unexpired term of this Lease or of any of the improvements or Alterations in the Premises; provided, however, that the foregoing shall not prohibit Tenant from prosecuting a separate claim against the taking authority for an amount separately designated for Tenant’s relocation expenses or the interruption of or damage to Tenant’s business or as compensation for Tenant’s personal property, trade fixtures, Alterations or other improvements paid for by Tenant so long as any award to Tenant will not reduce the award to Landlord.

14. Assignment and Subletting.

14.1. Assignment and Subletting; Prohibition. Tenant shall not assign, mortgage, pledge or otherwise transfer this Lease, in whole or in part (each hereinafter referred to as an “**assignment**”), nor sublet or permit occupancy by any party other than Tenant of all or any part of the Premises (each hereinafter referred to as a “**sublet**” or “**subletting**”), without the prior written consent of Landlord in each instance, which consent shall not be unreasonably withheld. No assignment or subletting by Tenant shall relieve Tenant of any obligation under this Lease, including Tenant’s obligation to pay Base Rent and additional rent hereunder. Any purported assignment or subletting contrary to the provisions of this Lease without Landlord’s prior written consent shall be void and shall constitute an Event of Default entitling Landlord to terminate this Lease and to exercise all other remedies available to Landlord under this Lease and at law. The consent by Landlord to any assignment or subletting shall not constitute a waiver of the necessity for obtaining Landlord’s consent to any subsequent assignment or subletting. Landlord may consent to any subsequent assignment or subletting, or any amendment to or modification of this Lease with the assignees of Tenant, without notifying Tenant or any successor of Tenant, and without obtaining its or their consent thereto, and such action shall not relieve Tenant or any successor of Tenant of any liability under this Lease. As additional rent hereunder, Tenant shall reimburse Landlord for all reasonable legal fees and other expenses incurred by Landlord in connection with any request by Tenant for consent to an assignment or subletting.

14.2. Information to be Furnished. If Tenant desires at any time to assign its interest in this Lease or sublet the Premises, Tenant shall first notify Landlord of its desire to do so and shall submit in writing to Landlord: (i) the name of the proposed assignee or subtenant;

(ii) the nature of the proposed assignee's or subtenant's business to be conducted in the Premises; (iii) the terms and provisions of the proposed assignment or sublease, including the date upon which the assignment shall be effective or the commencement date of the sublease (hereinafter referred to as the "**Transfer Effective Date**") and a copy of the proposed form of assignment or sublease; and (iv) such financial information, including financial statements, and other information as Landlord may reasonably request concerning the proposed assignee or subtenant.

14.3. Landlord's Election. At any time within thirty (30) days after Landlord's receipt of the information specified in Section 14.2, Landlord may, by written notice to Tenant, elect to (i) terminate this Lease as to the space in the Premises that Tenant proposes to sublet; (ii) terminate this Lease as to the entire Premises (available only if Tenant proposes to assign all of its interest in this Lease or the total amount of rentable square feet of space that Tenant proposes to sublease, together with the aggregate amount of rentable square feet of space in the Premises previously subleased by Tenant or recaptured by Landlord pursuant to this Section, exceeds fifty percent (50%) or more of the original Premises); or (iii) consent to the proposed assignment or subletting by Tenant.

14.4. Termination. If Landlord elects to terminate this Lease with respect to all or a portion of the Premises pursuant to Section 14.3(i) or (ii) above, this Lease shall terminate effective as of the later of (a) the one hundred twentieth (120th) day after Landlord notifies Tenant in writing of its election to terminate this Lease or (b) the Transfer Effective Date. If Landlord terminates this Lease with respect to less than all of the Premises, Tenant shall, at Landlord's sole election, either (i) reimburse Landlord for all costs incurred by Landlord in partitioning the Premises to provide the occupants of each premises commercially reasonable and secured access to their respective premises, legal fire exits, access to bathrooms and utility rooms and loading facilities, and in separately metering all utility services (including heating and air conditioning zoning) servicing each premises, including all design, permitting and construction costs, or (ii) perform, at Tenant's sole cost and expense, all the work described in subsection (i) relating to the partitioning of the Premises to Landlord's reasonable satisfaction, all in accordance with plans approved by Landlord. Tenant shall reimburse Landlord upon demand for all costs incurred by Landlord in reviewing the plans for the partitioning work and all other related work.

14.5. Withholding Consent. Without limiting other situations in which it may be reasonable for Landlord to withhold its consent to any proposed assignment or sublease, Landlord and Tenant agree that it shall be reasonable for Landlord to withhold its consent in any one (1) or more of the following situations: (1) in Landlord's reasonable judgment, the proposed subtenant or assignee or the proposed use of the Premises would detract from the status of the Building as a first-class office building, generate vehicle or foot traffic, parking or occupancy density materially in excess of the amount customary for the Building or the Project or result in a materially greater use of the elevator, janitorial, security or other Building services (e.g., HVAC, trash disposal and sanitary sewer flows) than is customary for the Project; (2) in Landlord's reasonable judgment, the creditworthiness of the proposed subtenant or assignee does not meet the credit standards applied by Landlord in considering other tenants for the lease of space in the Project on comparable terms, or Tenant has failed to provide Landlord with reasonable proof of the creditworthiness of the proposed subtenant or assignee; (3) in Landlord's reasonable judgment, the business history, experience or reputation in the community of the proposed subtenant or assignee does not meet the standards applied by Landlord in considering other tenants for occupancy in the Project; (4) the proposed assignee or subtenant is a governmental entity, agency or department or the United States Post Office; or (5) the proposed subtenant or assignee is a then existing or prospective tenant of the Project. If Landlord fails to elect any of the alternatives within the thirty (30) day period referenced in Section 14.3, it shall be deemed that Landlord has refused its consent to the proposed assignment or sublease.

14.6. Bonus Rental. If, in connection with any assignment or sublease, Tenant receives rent or other consideration, either initially or over the term of the assignment or sublease, in excess of the Rent called for hereunder, or in case of the sublease of a portion of the Premises, in excess of such Rent fairly allocable to such portion, Tenant shall pay to Landlord, as additional rent hereunder, fifty percent (50%) of the excess of each such payment of Rent or other consideration received by Tenant promptly after Tenant's receipt of such Rent or other consideration. To the extent that a subtenant or assignee purchases goods or services from

sublandlord or an affiliate of sublandlord for an amount in excess of the fair market value for such goods or services, such costs incurred or amounts expended shall be deemed to be "other consideration" for purposes of calculating excess Rent due to Landlord hereunder.

14.7. Scope. The prohibition against assigning or subletting contained in this Section 14 shall be construed to include a prohibition against any assignment or subletting by operation of law. If this Lease is assigned, or if the underlying beneficial interest of Tenant is transferred, or if the Premises or any part thereof is sublet or occupied by anybody other than Tenant, Landlord may collect rent from the assignee, subtenant or occupant and apply the net amount collected to the Rent due herein and apportion any excess rent so collected in accordance with the terms of Section 14.6, but no such assignment, subletting, occupancy or collection shall be deemed a waiver of the provisions regarding assignment and subletting, or the acceptance of the assignee, subtenant or occupant as tenant, or a release of Tenant from the further performance by Tenant of covenants on the part of Tenant herein contained. No assignment or subletting shall affect the continuing primary liability of Tenant (which, following assignment, shall be joint and several with the assignee), and Tenant shall not be released from performing any of the terms, covenants and conditions of this Lease.

14.8. Executed Counterparts. No sublease or assignment shall be valid, nor shall any subtenant or assignee take possession of the Premises, until (a) a fully executed counterpart of the sublease or assignment has been delivered to Landlord and Landlord, and (b) Tenant and the applicable assignee or subtenant have entered into a consent to assignment or sublease with Landlord in a form acceptable to Landlord.

14.9. Transfer of a Majority Interest. If Tenant is a non-publicly traded corporation, the transfer (as a consequence of a single transaction or any number of separate transactions) of fifty percent (50%) or more or of a controlling interest or the beneficial ownership interest of the voting stock of Tenant issued and outstanding as of the Effective Date shall constitute an assignment hereunder for which Landlord's prior written consent is required. If Tenant is a partnership, limited liability company, trust or an unincorporated association, the transfer of a controlling or majority interest therein shall constitute an assignment hereunder for which Landlord's prior written consent is required.

14.10. Additional Conditions. If this Lease is assigned, whether or not in violation of the terms of this Lease, Landlord may collect rent from the assignee. If the Premises or any part thereof is sublet, Landlord may, upon an Event of Default by Tenant hereunder, collect rent from the subtenant. In either event, Landlord may apply the amount collected from the assignee or subtenant to Tenant's monetary obligations hereunder. The consent by Landlord to an assignment or subletting hereunder shall not relieve Tenant or any assignee or subtenant from the requirement of obtaining Landlord's express prior written consent to any other or further assignment or subletting. In no event shall any subtenant be permitted to assign its sublease or to further sublet all or any portion of its subleased premises without Landlord's prior written consent. Neither an assignment or subletting nor the collection of rent by Landlord from any person other than Tenant, shall be deemed a waiver of any of the provisions of this Section 14 or release Tenant from its obligation to comply with the provisions of this Lease and Tenant shall remain fully and primarily liable for all of Tenant's obligations under this Lease. The voluntary or other surrender of this Lease by Tenant, the mutual cancellation thereof or the termination of this Lease by Landlord as a result of Tenant's default shall, at the option of Landlord, terminate all or any existing subtenancies or may, at the option of Landlord, operate as an assignment to Landlord of any or all of such subtenancies. The voluntary or other surrender of this Lease by Tenant, the mutual cancellation thereof or the termination of this Lease by Landlord as a result of Tenant's default shall, at the option of Landlord, terminate all or any existing subtenancies or may, at the option of Landlord, operate as an assignment to Landlord of any or all of such subtenancies.

15. Default by Tenant.

15.1. Events of Default. The occurrence of any of the following events shall constitute an "Event of Default" on the part of Tenant under this Lease:

15.1.1. Payment. Tenant fails to pay when due monthly Base Rent, additional Rent or any other amounts due hereunder, and such failure is not remedied by Tenant within five (5) days following Landlord's written notice that such amount remains unpaid;

15.1.2. Bankruptcy. The bankruptcy or insolvency of Tenant, any transfer by Tenant to defraud creditors, any assignment by Tenant for the benefit of creditors, or the commencement of any proceedings of any kind by or against Tenant under any provision of the Federal Bankruptcy Act or under any other insolvency, bankruptcy or reorganization act unless, in the event any such proceedings are involuntary, Tenant is discharged from the same within sixty (60) days thereafter; the appointment of a receiver for a substantial part of the assets of Tenant; the levy upon this Lease or any estate of Tenant hereunder by any attachment or execution; Tenant's discontinued business as a going concern; and Tenant's admission that it is unable to pay its debts as they mature;

15.1.3. Abandonment or Vacation. The abandonment or vacation of the Premises for a period in excess of five (5) consecutive business days;

15.1.4. Performance of Lease Terms. Tenant's failure to perform any of the terms, covenants, agreements or conditions of this Lease to be observed or performed by Tenant (excluding any Event of Default under Section 15.1.1 above or Sections 15.1.5 through 15.1.8 below), which default has not been cured within thirty (30) days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of the default is such that the same cannot reasonably be cured within the 30-day period, Tenant shall not be deemed to be in default if within such period Tenant shall commence such cure and thereafter diligently prosecute the same to completion, and further provided that if the nature of the default is such that a more expeditious cure is reasonably required, such lesser period as provided in Landlord's notice to Tenant; and

15.1.5. Failure to Comply. Tenant's failure to comply with the provisions contained in Sections 18 and 19, failure to timely surrender the Premises upon expiration or termination of the Lease, and failure to maintain insurance pursuant to this Lease and provide evidence thereof to Landlord.

15.1.6. Misrepresentation. Tenant makes or has made or furnishes or has furnished any warranty, representation or statement to Landlord in connection with this Lease, or any other agreement made by Tenant for the benefit of Landlord, which is or was false or misleading in any material respect when made or furnished; or

15.1.7. Assignment. Tenant assigns this Lease or subleases any portion of the Premises in violation of this Lease; or

15.1.8. Guarantor. The default by any guarantor of Tenant's obligations under this Lease of any provision of such guarantor's guaranty, or the attempted repudiation or revocation of any such guaranty or any provision thereof by such guarantor.

An Event of Default shall constitute a default by Tenant under this Lease. In addition, any notice required to be given by Landlord under this Lease shall be in lieu of, and not in addition to, any notice required under Section 1161 of the California Civil Code of Procedure. Tenant shall pay to Landlord the amount of Two Hundred Fifty Dollars (\$250.00) for each notice of default given to Tenant under this Lease, which amount is the amount the parties reasonably estimate will compensate Landlord for the cost of giving such notice of default, and reimburse Landlord for any attorneys' fees and other costs where consultation with an attorney is undertaken in connection with such Event of Default.

15.2. Remedies. In the event of an Event of Default by Tenant, Landlord may at any time thereafter, without limiting Landlord in the exercise of any right or remedy at law or in equity which Landlord may have by reason of such default or breach:

15.2.1. Continue Lease. Pursue the remedy described in California Civil Code Section 1951.4 whereby Landlord may continue this Lease in full force and effect after Tenant's breach and recover the Rent and any other monetary charges as they become due, without terminating Tenant's right to sublet or assign this Lease, subject only to reasonable

limitations as herein provided. During the period Tenant is in default, Landlord shall have the right to do all acts necessary to preserve and maintain the Premises as Landlord deems reasonable and necessary, including removal of all persons and property from the Premises, and Landlord can enter the Premises and relet them, or any part of them, to third parties for Tenant's account. Tenant shall be liable immediately to Landlord for all costs Landlord incurs in reletting the Premises, including, without limitation, brokers' commissions, expenses of remodeling the Premises required by the reletting, and like costs. Reletting can be for a period shorter or longer than the remaining Term.

15.2.2. Perform. Pay or perform such obligation due (but shall not be obligated to do so), if Tenant fails to pay or perform any obligations when due under this Lease within the time permitted for their payment or performance. In such case, the costs incurred by Landlord in connection with the performance of any such obligation will be additional Rent due under this Lease, together with interest at the Interest Rate from the date paid by Landlord until reimbursed in full by Tenant, and will become due and payable on demand by Landlord.

15.2.3. Terminate. Terminate Tenant's rights to possession by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. Tenant expressly acknowledges that in the absence of such written notice from Landlord, no other act of Landlord, including, but not limited to, its re-entry into the Premises, its efforts to relet the Premises, its reletting of the Premises for Tenant's account, its storage of Tenant's personal property and trade fixtures, its acceptance of keys to the Premises from Tenant, its appointment of a receiver, or its exercise of any other rights and remedies under this Section 15 or otherwise at law, shall constitute an acceptance of Tenant's surrender of the Premises or constitute a termination of this Lease or of Tenant's right to possession of the Premises. Upon such termination in writing of Tenant's right to possession of the Premises, this Lease shall terminate and Landlord shall be entitled to recover damages from Tenant as provided in California Civil Code Section 1951.2 or any other applicable existing or future Law providing for recovery of damages for such breach, including but not limited to the following: (A) the worth at the time of award of any unpaid Rent which had been earned at the time of such termination; plus (B) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such Rent loss that is proved could have been reasonably avoided; plus (C) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such Rent loss that is proved could be reasonably avoided; plus (D) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of events would be likely to result therefrom; plus (E) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable Law. In addition, Landlord shall be entitled to recover from Tenant the unamortized portion of any tenant improvement allowance, free rent or other allowance provided by Landlord to Tenant and any brokerage commission or finders' fee paid or incurred by Landlord in connection with this Lease (amortized with interest at the Interest Rate on a straight line-basis over the original term of this Lease.) Upon any such termination of Tenant's possessory interest in and to the Premises, Tenant (and at Landlord's sole election, Tenant's sublessees) shall no longer have any interest in the Premises, and Landlord shall have the right to make any reasonable repairs, alterations or modifications to the Premises which Landlord in its sole discretion deems reasonable and necessary. The **"worth at the time of award"** of the amounts referred to in subsections (A) and (B) above is computed by allowing interest at the maximum rate an individual is permitted by law to charge. The worth at the time of award of the amount referred to in subsection (C) above is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

Tenant hereby waives all claims for damages that may be caused by Landlord's reentering and taking possession of the Premises or removing and storing Tenant's personal property pursuant to this Section 15, and Tenant shall indemnify, defend and hold Landlord harmless from and against any and all Claims resulting from any such act. No reentry by Landlord shall constitute or be construed as a forcible entry by Landlord.

15.2.4. Additional Remedies. Pursue any other legal or equitable remedy available to Landlord. Unpaid installments of Rent and other unpaid monetary obligations of Tenant under the terms of this Lease shall bear interest from the date due at the rate of ten percent (10%) per annum.

15.3. Waiver of Right of Redemption. In the event Tenant is evicted or Landlord takes possession of the Premises by reason of any default by Tenant hereunder, Tenant hereby waives, for itself and all persons claiming by and under Tenant, all rights and privileges which it might have under any present or future Law to redeem the Premises or to continue this Lease after being dispossessed or ejected from the Premises.

15.4. Continuation. Even though Tenant has breached this Lease and abandoned the Premises, this Lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession, and Landlord may enforce all its rights and remedies under this Lease, including the right to recover Rent as it becomes due under this Lease. Acts of maintenance or preservation, efforts to relet the Premises, or the appointment of a receiver upon initiative of Landlord to protect Landlord's interest under this Lease, shall not constitute a termination of Tenant's right to possession.

15.5. Tenant's Exercise Rights. In the event Tenant is in default under any provision of this Lease then, at Landlord's sole election: (i) Tenant shall not have the right to exercise any available right, option or election under this Lease ("**Tenant's Exercise Rights**"), (ii) Tenant shall not have the right to consummate any transaction or event triggered by the exercise of any of Tenant's Exercise Rights, and (iii) Landlord shall not be obligated to give Tenant any required notices or information relating to the exercise of any of Tenant's Exercise Rights hereunder.

16. Default by Landlord. Landlord shall not be in default under this Lease unless Landlord, or the holder of any mortgage, deed of trust or ground lease covering the Premises, fails to perform obligations required of Landlord within a reasonable time, but in no event later than thirty (30) days after written notice by Tenant to Landlord certified mail, postage prepaid, and to the holder of any first mortgage, deed of trust or ground lease covering the Premises whose name and address shall have been furnished to Tenant in writing, specifying wherein Landlord has failed to perform such obligations; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance, then Landlord shall not be in default if Landlord or the holder of any such mortgage, deed of trust or ground lease commences performance within such 30-day period and thereafter diligently prosecutes the same to completion. In no event shall Tenant be entitled to terminate this Lease by reason of Landlord's default, and Tenant's remedies shall be limited to an action for monetary damages at law.

17. Security Deposit. Upon execution of this Lease, Tenant shall deliver to Landlord cash in the amount specified as the Security Deposit in the Basic Lease Information as security for Tenant's performance of all of Tenant's covenants and obligations under this Lease; provided, however, that the Security Deposit is not an advance rent deposit or an advance payment of any other kind, nor a measure of Landlord's damages upon Tenant's default. Landlord shall not be required to segregate the Security Deposit from its other funds and no interest shall accrue or be payable to Tenant with respect thereto. Landlord may (but shall not be required to) use the Security Deposit or any portion thereof to cure any Event of Default or to compensate Landlord for any damage Landlord incurs as a result of Tenant's failure to perform any of its covenants or obligations hereunder, it being understood that any use of the Security Deposit shall not constitute a bar or defense to any of Landlord's remedies under this Lease or at law. In such event and upon written notice from Landlord to Tenant specifying the amount of the Security Deposit so utilized by Landlord and the particular purpose for which such amount was applied, Tenant shall immediately deposit with Landlord an amount sufficient to return the Security Deposit to its original amount. Tenant's failure to make such payment to Landlord within five (5) days of Landlord's notice shall constitute an Event of Default. Within thirty (30) days following the expiration or sooner termination of this Lease, Landlord shall return to Tenant the Security Deposit or the balance thereof then held by Landlord; provided, however, that (i) Landlord may retain from the Security Deposit the amount Landlord determines, in good faith, is required to cure any breach of the Lease by Tenant that exists as of such termination or expiration of the Lease, and (ii) in no event shall any such return be construed as an admission by Landlord that Tenant has performed all of its covenants and obligations hereunder. No lender, mortgagee, purchaser at any judicial or private foreclosure sale or other superior interest holder, shall be responsible to Tenant for the Security Deposit unless and only to the extent such holder or purchaser shall have actually received the same. Tenant acknowledges that Landlord may use all or any part of the Security Deposit to compensate Landlord for damages resulting from termination of this Lease and the tenancy created hereunder as a result of a Tenant default, and to the extent permitted by applicable law, Tenant hereby unconditionally and irrevocably waives

the benefits and protections of any applicable law prohibiting or restricting Landlord's use of the Security Deposit for such purposes. No trust relationship is created herein between Landlord and Tenant with respect to the Security Deposit.

18. Estoppel Certificate; Financial Information.

18.1. Estoppel Certificate. Tenant shall, within seven (7) days after notice from Landlord, execute, acknowledge and deliver to Landlord a statement certifying (i) that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect), (ii) the amount of the Rent and the Security Deposit, (iii) the date to which the Rent has been paid, (iv) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults, if any are claimed, and (v) such other matters as may reasonably be requested by Landlord. Any such statement may be conclusively relied upon by Landlord and any prospective purchaser or encumbrancer of the Building. If Tenant fails to deliver such statement within the time required hereunder, such failure shall be conclusive upon Tenant that (i) this Lease is in full force and effect, without modification except as may be represented by Landlord, (ii) there are no uncured defaults in Landlord's performance of its obligations hereunder, (iii) not more than one month's installment of Monthly Base Rent has been paid in advance, and (iv) any other statements of fact included by Landlord in such statement are correct.

18.2. Financial Statements. If Landlord desires to sell all or any portion of its interest in the Building or the Project or to finance or refinance the Building or the Project, Tenant agrees to deliver to Landlord and any lender or prospective purchaser designated by Landlord such financial statements of Tenant as may be reasonably required by Landlord or such lender or prospective purchaser. All such financial statements shall be received by Landlord in confidence and shall be used for the purposes herein set forth. In addition, within seven (7) days after Landlord's written request, Tenant shall deliver to Landlord Tenant's most current quarterly and annual financial statements audited by Tenant's certified public accountant. If audited financial statements are not available, Tenant shall deliver to Landlord Tenant's financial statements certified to be true and correct by Tenant's chief financial officer. Tenant's annual financial statements shall not be dated more than twelve (12) months prior to the date of Landlord's request.

18.3. Failure to Provide. Tenant acknowledges and agrees that its failure to execute such certificate or deliver financial statement may cause Landlord serious financial damage by causing the failure of a sale or financing transaction and giving Landlord all of its rights and remedies under Section 15 above, including its right to damages caused by the loss of such sale or financing.

19. Subordination. This Lease is expressly made subject and subordinate to any mortgage, deed of trust, ground lease, underlying lease or like encumbrance affecting the Building or any interest of Landlord therein which is now existing or hereafter executed or recorded, any present or future modification, amendment or supplement to any of the foregoing, and to any advances made thereunder (any of the foregoing being a "**superior interest**") without the necessity of any further documentation evidencing such subordination. Notwithstanding the foregoing, Tenant shall, within ten (10) business days after Landlord's request, execute and deliver to Landlord a document, in customary and reasonable form, evidencing the subordination of this Lease to a particular superior interest. Tenant hereby irrevocably appoints Landlord as Tenant's attorney-in-fact to execute and deliver any such instrument in the name of Tenant if Tenant fails to do so within such time. If the interest of Landlord in the Project or the Building is transferred to any person ("**Purchaser**") pursuant to or in lieu of foreclosure or other proceedings for enforcement of any superior interest, Tenant shall immediately attorn to the Purchaser, and this Lease shall continue in full force and effect as a direct lease between the Purchaser and Tenant on the terms and conditions set forth herein, provided that Purchaser acquires and accepts the Project and Building subject to this Lease. Notwithstanding the subordination of this Lease to superior interest as set forth above, the holder of any superior interest may at any time (including as part of foreclosure or other proceedings for enforcement), upon written notice to Tenant, elect to have this Lease be prior and superior to such superior interest. Further, if any lender that intends to acquire an interest in, or holds a mortgage or deed of trust encumbering any portion of the Project, should require either the execution by Tenant of an agreement requiring Tenant to send such lender written notice of any default by Landlord under this Lease, giving such lender

the right to cure such default until such lender has completed foreclosure, and/or preventing Tenant from terminating this Lease (to the extent such termination right would otherwise be available) unless such default remains uncured after foreclosure has been completed, and/or any modification of the agreements, covenants, conditions or provisions of this Lease, then Tenant agrees that it shall, within ten (10) days after Landlord's request, execute and deliver such agreement and modify this Lease as required by such lender or ground lessor; provided, however, that no such modification shall affect the length of the term or increase the Rent payable by Tenant, or materially diminish Tenant's rights or materially increase its obligations under this Lease.

20. Attorneys' Fees. If Landlord uses the services of an attorney in order to secure Tenant's compliance with the terms of this Lease, Tenant shall reimburse Landlord upon demand for any and all reasonable attorneys' fees and expenses incurred by Landlord, whether or not formal legal proceedings are instituted by Landlord. In any action or proceeding which Landlord or Tenant brings against the other party in order to enforce its respective rights hereunder or by reason of the other party failing to comply with all of its obligations hereunder, whether for declaratory or other relief, the unsuccessful party therein agrees to pay all costs incurred by the prevailing party therein, including reasonable attorneys' fees, to be fixed by the court, and said costs and attorneys' fees shall be made a part of the judgment in said action. A party shall be deemed to have prevailed in any action (without limiting the definition of prevailing party) if such action is dismissed upon the payment by the other party of the amounts allegedly due or the performance of obligations which were allegedly not performed, or if such party obtains substantially the relief sought by such party in the action, regardless of whether such action is prosecuted to judgment.

21. Notices. All notices, consents, demands, and other communications from one party to the other given pursuant to the terms of this Lease shall be in writing and shall be personally delivered, delivered by courier service, delivered by national overnight delivery service (e.g., Federal Express, Airborne Express and UPS), or deposited in the United States mail, certified or registered, postage prepaid, and, if an email address is provided in the Basic Lease Information, with a copy of each notice simultaneously delivered by email, addressed as follows: to Tenant at the address(es) specified in the Basic Lease Information or to such other place as Tenant may from time to time designate in a notice to Landlord; to Landlord at the address(es) specified in the Basic Lease Information, or to such other place and to such other parties as Landlord may from time to time designate in a notice to Tenant. Notices delivered personally or sent same-day courier will be effective immediately upon delivery to the addressee at the designated address; notices sent by overnight courier will be effective one (1) Business Day after acceptance by the service for delivery; notices sent by mail will be effective two (2) Business Days after mailing. In the event Tenant requests multiple notices hereunder, Tenant will be bound by such notice from the earlier of the effective times of the multiple notices.

22. General Provisions.

22.1 Applicable Law. This Lease shall be governed by and construed in accordance with the internal laws of the State in which the Project is located, notwithstanding any choice of law statutes, regulations, provisions or requirements to the contrary.

22.2 Severability. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

22.3 Waiver. No provision of this Lease shall be deemed waived by Landlord unless such waiver is in a writing signed by Landlord. No delay or omission in the exercise of any right or remedy of Landlord upon any default by Tenant shall impair such right or remedy or be construed as a waiver. Landlord's or Tenant's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to, or approval of, any subsequent act by the other party.

22.4 Authority. If Tenant is an entity, Tenant and each person executing this Lease on behalf of Tenant, hereby covenants and warrants that (a) Tenant is duly established or formed and validly existing under the laws of its state of establishment or formation, (b) Tenant has and is duly qualified to do business in the state in which the Project is located, (c) Tenant has full

power and authority to enter into this Lease and to perform all Tenant's obligations hereunder, and (d) each person (and all of the persons if more than one signs) signing this Lease on behalf of Tenant is duly and validly authorized to do so.

22.5 Entry. Landlord may, at any and all reasonable times, enter the Premises to (a) inspect the same and to determine whether Tenant is in compliance with its obligations hereunder, (b) supply any service Landlord is required to provide hereunder, (c) show the Premises to prospective lenders, purchasers or tenants, (d) post notices of non-responsibility, and (e) alter, improve or repair the Premises or any other portion of the Building or Property. Landlord shall provide Tenant with reasonable notice, except in the event of an emergency. In the last nine (9) months of the Term, Landlord may post "for rent" signs on the Building or Premises.

22.6 Limitation of Liability. The term "Landlord," as used in this Lease, shall mean only the owner or owners of the Building at the time in question. In the event that Landlord or any successor owner of the Building or Project sells or conveys the Building or Project, then all liabilities and obligations of Landlord or the successor owner under this Lease accruing after the sale or conveyance shall terminate and become binding on the new owner, and Tenant shall release Landlord from all liability under this Lease (including, without limitation, the Security Deposit), except for acts or omissions of Landlord occurring prior to such sale or conveyance. Tenant expressly agrees that (i) the obligations of Landlord shall not constitute personal obligations of the officers, directors, partners, employees, affiliates, joint venturers, members, trustees, owners, shareholders, or other principals, agents or representatives of Landlord ("**Member of Landlord**"), and (ii) Tenant shall have recourse only to Landlord's interest in the Building of which the Premises are a part for the satisfaction of such obligations and not against the other assets of Landlord. In this regard, Tenant agrees that in the event of any actual or alleged failure, breach or default by Landlord of its obligations under this Lease, that (i) no Member of Landlord shall be sued or named as a party in any suit or action (except as may be necessary to secure jurisdiction of Landlord), (ii) no judgment will be taken against any Member of Landlord, and any judgment taken against any Member of Landlord may be vacated and set aside at any time without hearing, (iii) no writ of execution will ever be levied against the assets of any Member of Landlord, and (iv) these agreements by Tenant are enforceable both by Landlord and by any Member of Landlord. Wherever in this Lease Tenant (a) releases Landlord from any claim or liability, (b) waives or limits any right of Tenant to assert any claim against Landlord or to seek recourse against any property of Landlord or (c) agrees to indemnify Landlord against any matters, the relevant release, waiver, limitation or indemnity shall run in favor of and apply to Landlord, the constituent shareholders, partners, members, or other owners of Landlord, and the directors, officers, employees and agents of Landlord and each such constituent shareholder, partner, member or other owner.

22.7 Authority. If Tenant is a corporation, limited liability company or partnership, each individual executing this Lease on behalf of Tenant represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of the corporation, company or partnership in accordance with, where applicable, a duly adopted resolution of the board of directors of the corporation, the vote of the members of the limited liability company or the vote of the partners within the partnership, and that this Lease is binding upon the corporation, company or partnership in accordance with its respective articles of incorporation and bylaws, operating agreement or partnership agreement.

22.8 Time. Time is expressly declared to be of the essence of this Lease and of each and every covenant, term, condition, and provision hereof.

22.9 Joint and Several Liability. If there is more than one party comprising Tenant, the obligations imposed on Tenant shall be joint and several.

22.10 Construction. The language in all parts of this Lease shall be in all cases construed as a whole according to its fair meaning and not strictly for nor against either Landlord or Tenant.

22.11 Definitions. As used in this Lease and whenever required by the context thereof, each number, both singular and plural, shall include all numbers and in each gender shall

include all genders. Landlord and Tenant, as used in this Lease or in any other instrument referred to in or made a part of this Lease, shall likewise include both the singular and the plural, a corporation, limited liability company, partnership, individual or person acting in any fiduciary capacity as executor, administrator, trustee or in any other representative capacity.

22.12 Force Majeure. Any delay in construction, repairs, or rebuilding any building, improvement or other structure herein shall be excused and the time limit extended to the extent that the delay is occasioned by reason of acts of God, labor troubles, laws or regulations of general applicability, acts of Tenant or Tenant Delays (as the term is defined in the Work Letter Agreement), or other occurrences beyond the reasonable control of Landlord. Accordingly, Landlord's obligation to perform shall be excused for the period of the delay and the period for performance shall be extended for a period equal to the period of such delay. In no event shall monetary obligations be excused by Force Majeure.

22.13 Waiver of Jury Trial. IF ANY ACTION OR PROCEEDING BETWEEN LANDLORD AND TENANT TO ENFORCE THE PROVISIONS OF THIS LEASE (INCLUDING AN ACTION OR PROCEEDING BETWEEN LANDLORD AND THE TRUSTEE OR DEBTOR IN POSSESSION WHILE TENANT IS A DEBTOR IN A PROCEEDING UNDER ANY BANKRUPTCY LAW) PROCEEDS TO TRIAL, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, LANDLORD AND TENANT HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY IN SUCH TRIAL. Landlord and Tenant agree that this paragraph constitutes a written consent to waiver of trial by jury within the meaning of California Code of Civil Procedure Section 631(d)(2), and each party does hereby authorize and empower the other party to file this paragraph and/or this Lease, as required, with the clerk or judge of any court of competent jurisdiction as a written consent to waiver of jury trial.

22.14 Broker's Fee. Tenant represents and warrants that it has negotiated this Lease directly with the real estate broker(s) identified in the Basic Lease Information (the "**Brokers**") and has not authorized or employed, or acted by implication to authorize or to employ, any other real estate broker or salesman to act for Tenant in connection with this Lease. Tenant shall indemnify, defend and hold Landlord harmless from and against any and all Claims by any real estate broker or salesman other than the Brokers for a commission, finder's fee or other compensation as a result of Tenant's entering into this Lease. Landlord shall pay any commissions or fees that are payable to Brokers with respect to this Lease in accordance with the provisions of a separate commission contract.

22.15 Relocation. Intentionally Deleted

22.16 Survival of Tenant Obligations. The obligations of Tenant under this Lease shall survive the termination or expiration of this Lease with respect to any damage, liability, loss, or expense arising out of or in connection with this Lease or Tenant's use or occupancy of the Premises.

22.17 Nondisclosure. Tenant agrees that the terms of this Lease are confidential and constitute proprietary information of Landlord, and that disclosure of the terms hereof could adversely affect the ability of Landlord to negotiate with other tenants. Tenant hereby agrees that Tenant and its partners, officers, directors, employees, agents, real estate brokers and sales persons and attorneys shall not disclose the terms of this Lease to any other person without Landlord's prior written consent, except to any accountants of Tenant in connection with the preparation of Tenant's financial statements or tax returns, to Tenant's consultants, attorneys, insurers, and to an assignee of this Lease or sublessee of the Premises, or to an entity or person to whom disclosure is required by applicable law or in connection with any action brought to enforce this Lease.

22.18 Hazardous Substance Disclosure. California law requires landlords to disclose to tenants the existence of certain hazardous substances. Accordingly, the existence of gasoline and other automotive fluids, maintenance fluids, copying fluids and other office supplies and equipment, certain construction and finish materials, tobacco smoke, cosmetics and other personal items, and asbestos-containing materials ("**ACM**") must be disclosed. Gasoline and other automotive fluids are found in the garage area of the Building. Cleaning, lubricating

and hydraulic fluids used in the operation and maintenance of the Building are found in the utility areas of the Building not generally accessible to Building occupants or the public. Many Building occupants use copy machines and printers with associated fluids and toners, and pens, markers, inks, and office equipment that may contain hazardous substances. Certain adhesives, paints and other construction materials and finishes used in portions of the Building may contain hazardous substances. Although smoking is prohibited in the public areas of the Building, these areas may, from time to time, be exposed to tobacco smoke. Building occupants and other persons entering the Building from time-to-time may use or carry prescription and non-prescription drugs, perfumes, cosmetics and other toiletries, and foods and beverages, some of which may contain hazardous substances. Further, certain portions of the Building contain ACM in the form of pipe insulation located in areas generally inaccessible to Building occupants and visitors, such as machinery and utility rooms, the inside of sealed walls and above suspended ceilings. Landlord has made no special investigation of the Premises with respect to any hazardous substances. Tenant agrees not to expose or disturb any ACM unless Landlord has given Tenant prior written consent thereto and Tenant complies with all applicable Laws.]

22.19 Integration. This Lease, including attached Exhibits and Basic Lease Information, contains all agreements and understandings of the parties and supersedes and cancels any and all prior or contemporaneous written or oral agreements, instruments, understandings, and communications of the parties with respect to the subject matter herein. The Basic Lease Information and Exhibits and attached to this Lease are incorporated herein by this reference.

[SIGNATURES TO APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Lease on the date first mentioned above.

“Landlord”

“Tenant”

GATEWAY OAKS INVESTORS LLC,
a Delaware limited liability company

a _____

By: BSP Ventures LLC,
a Delaware limited liability company,
Its Manager

By: _____

Name: _____

By: _____
Matthew T. White, Manager

Its: _____

HIDDEN VALLEY TECH GATEWAY LLC,
a Delaware limited liability company

By: G & W Ventures, LLC,
a California limited liability company,
Its Manager

By: _____
Matthew T. White, Manager

MATTESON GATEWAY LLC,
a Delaware limited liability company

By: BSP Ventures, LLC,
a Delaware limited liability company,
Its Manager

By: _____
Matthew T. White, Manager

ADDENDUM

23. Moving Allowance. Landlord shall, at Landlord's sole cost and expense, provide a moving allowance to the Tenant of up to Two Dollars per square foot (\$2.00/sf) or Five Thousand, Three Hundred Twenty-Six Dollars (\$5,326.00) with supporting invoice documentation.

24. Fixtures, Furniture and Equipment. The existing Fixtures, Furniture and Equipment ("FF&E") in the Premises, is the property of the Landlord and is hereby included in the terms of the Lease and shall not be removed by the Tenant at the end of the Lease Term or any extension thereof. Tenant acknowledges that the FF&E was previously owned and used by a prior Tenant of the Premises and agrees that by accepting possession of Landlord's FF&E, Tenant is deemed to have accepted such FF&E "as-is" with no representation or warranty by Landlord as to the condition or workability of the same or its suitability for any particular purpose. Landlord shall have no obligation to insure, maintain or repair existing FF&E.

25. Option to Extend.

a. Option to Extend. Tenant shall have one (1) option to extend the Term for a period of five (5) years (the "**Extension Term**"), provided that at the time Tenant's Extension Notice (defined below) is given and at the time the Extension Term is to commence no default by Tenant exists under this Lease. Tenant shall exercise such option, if at all, by written notice ("**Tenant's Extension Notice**") to Landlord not later than twelve (12) months, nor earlier than eighteen (18) months, prior to the expiration of the original Term. Tenant's failure to deliver Tenant's Extension Notice to Landlord in a timely manner, shall be deemed a waiver of Tenant's option to extend the Term and Tenant's extension option, regardless of whether Landlord delivered a prior reminder to Tenant and regardless of any inaccuracies in any prior reminder.

b. Exercise of Option.

(1) If Tenant exercises its extension option for the Extension Term, the Term shall be extended for an additional period of five (5) years on all of the terms and conditions of this Lease, except (i) Tenant shall have no further option to extend the Term, (ii) Landlord shall not be required to pay to Tenant any tenant improvement allowance or inducement and Tenant shall accept the Premises at the commencement of the Extension Term in its then existing "as-is" condition and (iii) the monthly Base Rent for the Extension Term shall be the Fair Market Rent prevailing at the commencement of the Extension Term.

(2) Real Estate Commission. Tenant shall be responsible for all brokerage costs and/or finder's fees associated with Tenant's exercise of its option to extend the Term made by parties claiming through Tenant. Landlord shall be responsible for all brokerage costs and/or finder's fees associated with Tenant's exercise of its option to extend the Term made by parties claiming through Landlord.

c. Determination of Fair Market Rent.

(1) Agreement on Rent. For the purposes of this Lease, "**Fair Market Rent**" means the monthly Base Rent that Landlord has accepted in then-recent transactions with non-affiliated parties for a comparable period of time in the Building and for comparable space ("**Comparable Transactions**"), or if there are no Comparable Transactions, then the monthly Base Rent expected to prevail as of the commencement of the applicable Extension Term for the entire Extension Term (including escalations) with respect to leases of comparable space within office buildings located in the same city as the Premises of a quality and with interior improvements, parking, site amenities, building systems, location, identity and access all comparable to that of the Premises. "Fair Market Rent" shall be established by reference to rental terms in leases actually executed for comparable space under primary lease (and not sublease), taking into consideration the location of the Building and existing amenities, situated in similar buildings engaged in then-prevailing ordinary rental market practices with respect to tenant concessions (if any) (e.g. not offering promotional deals and other concessions to tenants in an effort to alleviate cash flow problems or in response to a greater than average vacancy rate in a particular building). Within fifteen (15) days after Landlord's receipt of Tenant's Extension Notice, by written notice to Tenant ("**Landlord's Rent Notice**"), Landlord shall advise Tenant

as to Landlord's determination of the Fair Market Rent, together with the basis for such determination. Tenant shall, within five (5) days after Tenant's receipt of Landlord's Rent Notice, either (a) accept the determination of the Fair Market Rent set forth in Landlord's Rental Notice; or (b) if Tenant disagrees with Landlord's stated Fair Market Rent, advise Landlord as to Tenant's determination of Fair Market Rent, together with the basis for such determination, by written notice ("**Tenant's Rent Notice**"). If Tenant fails to respond as provided above, within the time period provided above, Tenant shall be deemed to have accepted Landlord's determination pursuant to subsection (a). If Tenant shall timely deliver to Landlord Tenant's Rent Notice pursuant to subsection (b), Landlord and Tenant shall attempt in good faith to reach agreement as to the Fair Market Rent within fifteen (15) days after Landlord's receipt of Tenant's Rent Notice.

(2) Selection of Brokers. If Landlord and Tenant are unable to agree as to the amount of the Fair Market Rent within the aforementioned 15-day period as evidenced by a written amendment to this Lease executed by them, then, within ten (10) days after the expiration of the 15-day period, Landlord and Tenant shall each, at its sole cost and by giving notice to the other party, appoint a competent real estate broker licensed in the state in which the Building is located and having not less than ten (10) years' actual experience, on a full-time basis, in commercial real estate leasing experience in the area of the city where the Premises is located to determine the Fair Market Rent. If either Landlord or Tenant does not appoint a broker within 10 days after the other party has given notice of the name of its broker, the single broker appointed shall be the sole broker and shall determine the Fair Market Rent. If both Landlord and Tenant appoint a broker, the two brokers shall submit to the other party its final determination of such Fair Market Rent within thirty (30) days following its selection, and if the Fair Market Rents differ by less than five percent (5%), the Fair Market Rent shall be the average of the two rates. If the Fair Market Rents differ by five percent (5%) or more, the two brokers shall select third broker meeting the qualifications stated in this Section within ten (10) days, provided that the third broker shall be a person who has not previously acted in any capacity for either Landlord or Tenant. Within fifteen (15) days following appointment, the third broker shall select one of the two Fair Market Rents promulgated by the parties as the final Fair Market Rent for this Lease. Landlord and Tenant each shall pay its own broker and bear one-half (1/2) of the cost of the third broker's fee. If they are unable to agree on the third broker, the engagement of the brokers shall be terminated and the determination of Fair Market Rent shall be submitted to arbitration in the county in which the Premises is located under the commercial rules of the American Arbitration Association.

d. Limitations. Notwithstanding anything in the foregoing to the contrary, in no event shall the monthly Base Rent during the Extension Term be less than one hundred three percent (103%) of the Base Rent payable by Tenant for the calendar month immediately preceding the commencement of the Extension Term. If the Fair Market Rent for the Premises has not been determined prior to the commencement of an Extension Term, Tenant shall continue to pay monthly Base Rent at the rate in effect immediately prior to the commencement of such Extension Term, and any required adjustment shall be paid by Tenant within ten (10) days after the determination of Fair Market Rent. Tenant shall continue to pay additional Rent during the Extension Term, and the Base Year shall not be adjusted. Fair Market Rent shall include the periodic rental increases of at least three percent (3%) per year, or such greater amount as is consistent with the market at that time.

EXHIBIT A-1

DIAGRAM OF PREMISES

2,663 RSF
2295 Gateway Oaks Drive, Suite 100

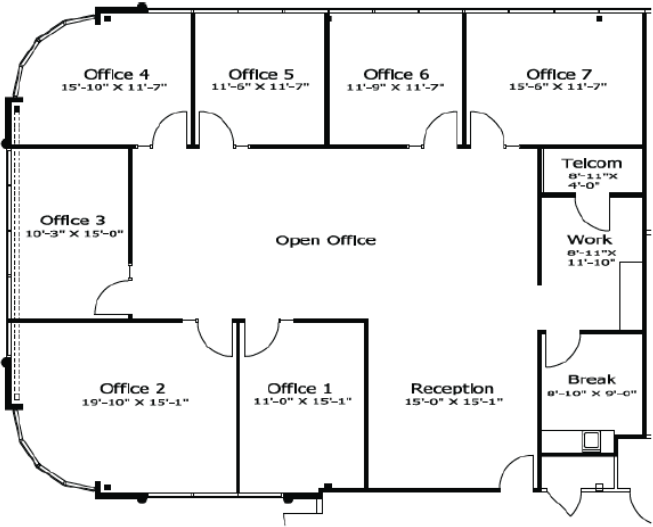
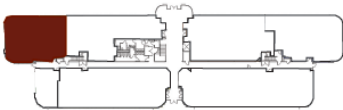


EXHIBIT A-2

DIAGRAM OF PROJECT



EXHIBIT B

WORK LETTER AGREEMENT

THIS WORK LETTER AGREEMENT (this “**Agreement**”) forms a part of that certain lease (the “**Lease**”) dated _____, 2023, entered into by and between GATEWAY OAKS INVESTORS LLC, a Delaware limited liability company, HIDDEN VALLEY TECH GATEWAY LLC, a Delaware limited liability company and MATTESON GATEWAY LLC, a Delaware limited liability company, as Landlord, and _____, a _____, as Tenant. All capitalized terms not otherwise defined herein shall have the same meaning as those capitalized terms contained in the Lease. Except as expressly provided in this Exhibit B or as set forth to the contrary in the Lease, it is hereby understood and acknowledged by the parties hereto that Landlord is leasing the Premises to Tenant in “as is” condition with all faults, and that Landlord has made no representations respecting the condition of the Premises, the Building or the Project not expressly contained herein or in the Lease. This Agreement sets forth the understandings and agreements of Landlord and Tenant regarding the performance by Landlord of work in and to the Premises from its “as is” condition in connection with the preparation of the Premises for Tenant’s original occupancy and use (all such work shall be referred to herein as “**Tenant Improvements**”).

1. Landlord’s contractor shall be responsible for constructing within the Premises the tenant improvements (the “**Tenant Improvements**”) described in the approved space plan (the “**Approved Space Plan**”) attached hereto as Exhibit B-1. The Tenant Improvements for the Premises will be completed substantially in accordance with approved (or deemed approved) plans and construction drawings (the “**Construction Drawings**”), with selected tenant improvement finishes (the “**Tenant Improvement Finishes**”) set forth on Exhibit B-2. Any changes from the Approved Space Plan or Tenant Improvement Finishes requested by Tenant that increase construction costs or delay the construction schedule (as reasonably determined by Landlord), including without limitation additional units, quantities or changes to brands or finishes, shall be deemed additional work (the “**Tenant Extra Improvements**”) and shall be at Tenant’s sole cost and expense.

2. Following execution of this Lease, Landlord shall arrange for Landlord’s architect to provide to Tenant the Construction Drawings for the Tenant Improvements and Tenant Extra Improvements. The Construction Drawings shall indicate the specific requirements of the Premises, outlining in detail interior partitions, floor coverings, a reflected ceiling plan, plumbing fixtures and electrical plans (setting forth the electrical requirements of Tenant), all in conformity with the Approved Space Plan. If the Tenant Improvements or Tenant Extra Improvements require a building permit, then the Construction Drawings shall include full energy calculations as required by state and/or city agencies.

3. Within five (5) business days after receipt of the Construction Drawings, Tenant shall either approve or disapprove of the Construction Drawings by written notice to Landlord. If Tenant disapproves of the Construction Drawings, Tenant shall specify in sufficient detail to allow Landlord to address Tenant’s concerns the changes or modifications to the Construction Drawings required by Tenant. Any such request for changes or modifications shall be subject to Landlord’s approval. If Landlord approves of Tenant’s proposed change or modification, Landlord shall arrange for Landlord’s architect to revise the Construction Drawings and resubmit the Construction Drawings to Tenant for its review and approval in accordance with the procedure set forth above (except that Tenant shall have three (3) days to reject or approve of resubmittals). This process shall continue until Tenant approves of the Construction Drawings, provided: (i) if Tenant does not disapprove of any Construction Drawings within the time set forth above, Tenant shall be deemed to have approved of same; and (ii) where Tenant’s requested changes or modifications are unacceptable to Landlord, or where applicable Laws require revisions, Tenant shall be deemed to have approved of the submitted Construction Drawings. Tenant acknowledges that the Construction Drawings are subject to the approval of the appropriate government authorities. It shall be Tenant’s responsibility to ensure that the design and function of the Tenant Improvements and Tenant Extra Improvements are suitable for Tenant’s business and needs. The improvements shall be constructed in accordance with current Laws as and to the extent enforced during construction by the local governmental agency having jurisdiction. Landlord shall not be required to install any Tenant Improvements or Tenant Extra Improvements which do not conform to the Construction Drawings. If Tenant desires to make

revisions to the Construction Drawings after they have been approved (or deemed approved), then such changes shall be made only pursuant to Paragraph 6 hereof.

4. Landlord shall manage the installation of Tenant Improvements and Tenant Extra Improvements as set forth on the Construction Drawings. Landlord shall pay for the cost of the Tenant Improvements, including:

(a) The costs of preparing the Approved Space Plan and final Construction Drawings (including the cost of one revision only), engineering costs, and costs associated with completion of state energy utilization calculations as required;

(b) The costs of obtaining building permits and other necessary authorizations from the city, county and state; and

(c) Construction management fees equal to four percent (4%) of all hard and soft costs.

Tenant shall pay for all Tenant Extra Improvements, including the cost for any additional revisions to the Construction Drawings and construction management fees equal to four percent (4%) of all hard and soft costs, within five (5) days following receipt of Landlord's written demand therefor, which demand(s) may be submitted to Tenant prior to commencement of construction of the Tenant Extra Improvements. If Tenant fails to pay within such five-day period, Landlord may, in addition to all other available remedies, (i) delay the commencement of construction of the Tenant Improvements and/or the Tenant Extra Improvements if such work has not commenced, or (ii) stop construction of the Tenant Improvements and/or the Tenant Extra Improvements if such work has commenced, in either case until such time as Tenant has paid Landlord for all Tenant Extra Improvements for which Tenant has received a written demand from Landlord.

5. In no event shall the Tenant Improvements payable by Landlord include (i) the costs of procuring or installing any trade fixtures, equipment, furniture, furnishings, telephone or computer equipment or wiring or other personal property ("**Personal Property**") or (ii) any Change Orders (as the term is defined in Paragraph 6 below). Such work shall be at Tenant's sole cost and expense.

6. Tenant may request changes or modifications to the Approved Space Plan or Tenant Improvement Finishes, or once approved, the Construction Drawings (each a "**Change Order**"), however, the cost of any Change Order(s) shall be borne by Tenant. If Tenant shall request any Change Order, then Landlord shall promptly give Tenant a written estimate of (a) the cost of engineering and design services to prepare the Change Order, (b) the cost of work to be performed pursuant to the Change Order, and (c) the time delay expected because of such requested Change Order. Within three (3) days after Tenant's receipt of the written estimate, Tenant shall notify Landlord in writing whether it approves the written estimate. If Tenant approves the written estimate, then Tenant shall accompany its approval with a check made payable to Landlord in the amount of the estimated cost of the Change Order. Upon Landlord's completion of the Change Order and submission of the final cost thereof to Tenant, Tenant shall promptly pay to Landlord any additional amounts incurred in excess of the written estimate. If such written authorization and check are not received by Landlord, then Landlord shall not be obligated to commence work on the Premises and Tenant shall be responsible for any delay in the completion of the Premises in accordance with Paragraph 7 below.

7. If the Commencement Date of the Lease is delayed beyond any estimated Commencement Date provided in the Lease, and if the cause of the delay in the occurrence of the Commencement Date is attributable to Tenant, then the Lease shall begin on the date the Commencement Date otherwise would have occurred but for the Tenant delays ("**Tenant Delays**"). Tenant Delays shall include, without limitation, those caused by (a) Tenant's failure to approve the Construction Drawings within the time period noted above, (b) Tenant's request for special materials not available when needed for construction in accordance with the construction schedule, (c) Change Orders, (d) Tenant's or Tenant's agents' interference with Landlord's work, and (e) Tenant's failure to pay for Tenant Extra Improvements within the time period noted above. All costs and expenses occasioned by a Tenant Delay, including, without limitation, increases in labor or materials, shall be borne by Tenant.

8. Tenant may, with Landlord's written consent, enter the Premises fifteen (15) days prior to the Commencement Date solely for the purpose of installing its data cabling, computer and telecommunications equipment in the Premises as long as such entry will not interfere with the orderly construction and completion of the Premises (hereinafter, "**Tenant's Work**"). Tenant shall notify Landlord of its desired time(s) of entry and shall submit for Landlord's written approval (i) the scope of the Tenant's Work to be performed and (ii) the name(s) of the contractor(s) who will perform such work. Tenant's Work shall comply with the Construction Standards. Tenant agrees to indemnify, defend and hold harmless Landlord and any mortgagee, ground lessor or beneficiary of a deed of trust encumbering, secured by or affecting the Premises or the Building, from and against any and all claims, actions, losses, liabilities, damages, costs or expenses (including, without limitation, reasonable attorneys' fees and claims for worker's compensation) of any nature whatsoever, arising out of or in connection with the Tenant's Work (including, without limitation, claims for breach of warranty, personal injury or property damage). Tenant's Work and any personal property, furnishings, fixtures and equipment so installed by Tenant shall be at Tenant's sole risk. Prior to such entry, Tenant shall provide Landlord with evidence of Tenant's and Tenant's insurance required under the Lease (as well as evidence of insurance from its contractors), and the terms of the Lease shall apply during such early entry except with respect to payment of rent. Where Tenant commences operation of its business in the Premises during such early entry period, rent shall be immediately payable to Landlord. Tenant's Work shall be considered an Alteration, and shall comply with the terms of the Lease.

Landlord, at its option, may prepare, in a manner required by applicable Law, a Notice of Non-Responsibility. Landlord shall be allowed to post, in a conspicuous location on the Premises, a Notice of Non-Responsibility for the benefit of Landlord. Tenant's contractor shall maintain the posted notice throughout construction of Tenant's Work.

9. During the course of construction, at Tenant's expense, Tenant shall obtain or maintain public liability and worker's compensation insurance, in amounts acceptable to Landlord, and which name Landlord and Tenant as parties insured from and against any and all liability for death of or injury to person or damage to property caused in or about or by reason of the construction of the Tenant's Work.

10. Upon substantial completion of the Premises in accordance with the Construction Drawings, Tenant waives any right or claim against Landlord for any cause directly or indirectly arising out of the condition of the Premises, appurtenances thereto, improvements thereon, and equipment therein. Landlord shall not be liable for any latent or patent defects therein, except that Landlord warrants the Premises against latent defects for a period of one (1) year from the date of substantial completion.

11. The Premises shall be deemed "substantially completed" as of the date that all of the following conditions are satisfied:

(a) The Tenant Improvements have been substantially completed in accordance with the approved Construction Drawings (except for those punch list items referenced in Paragraph 12 below), such that Tenant can reasonably conduct business within the Premises; and

(b) A certificate of occupancy and/or finalized building permit has been issued for the Premises, if applicable.

12. Tenant shall inspect the Premises immediately prior to occupancy and compile and furnish Landlord with a punch list of any missing or deficient Tenant Improvements. Landlord shall use commercially reasonable efforts to complete the corrective work noted in the punch list in a prompt, good and workman-like manner. Punch list corrections shall not delay the Commencement Date, nor shall a delay in making corrections be grounds for a delay or reduction in any rent payments due Landlord.

13. All floor area calculations are from the centerline of the partitions and the outside line of the exterior and hall walls. No deduction is allowed for the columns, sprinkler risers, roof drains, or air conditioning units serving Tenant and located within the Premises.

14. Landlord shall select the manufacturer and vendor of all building materials and equipment with respect to the Tenant Improvements and Tenant Extra Improvements to be constructed hereunder.

15. Notwithstanding anything to the contrary contained in the Lease or this Work Letter, Landlord’s participation in the preparation of the Approved Space Plan and the Construction Drawings shall not constitute any representation or warranty, express or implied, that the Approved Space Plans or the Construction Drawings are in conformity with applicable governmental codes, regulations or rules. Tenant acknowledges and agrees that the Premises are intended for use by Tenant and the specification and design requirements for the Tenant Improvements are not within the special knowledge or experience of Landlord.

16. Tenant shall not mortgage, grant a security interest in or otherwise encumber all or any portion of the Tenant Improvements or Tenant Extra Improvements.

“Landlord”

“Tenant”

GATEWAY OAKS INVESTORS LLC,
a Delaware limited liability company

_____,
a _____

By: BSP Ventures LLC,
a Delaware limited liability company,
Its Manager

By: _____
Name: _____
Its: _____

By: _____
Matthew T. White, Manager

HIDDEN VALLEY TECH GATEWAY LLC,
a Delaware limited liability company

By: G & W Ventures, LLC,
a California limited liability company,
Its Manager

By: _____
Matthew T. White, Manager

MATTESON GATEWAY LLC,
a Delaware limited liability company

By: BSP Ventures, LLC,
a Delaware limited liability company,
Its Manager

By: _____
Matthew T. White, Manager

EXHIBIT B-1

PRELIMINARY SPACE PLAN

EXHIBIT B-2

TENANT IMPROVEMENT FINISHES

1.	Carpet	Direct Glue Down Broadloom. Mohawk Pure Genius II Collection.	Throughout U.O.N. No Carpet Pad
2.	Base	Burke, 4" inch top set base, rubber. Color TBD	Throughout U.O.N.
3.	Doors	Solid wood core prefinished, <i>approx.</i> 3'-0" x 8' -6". Finish and height to match existing.	As indicated on plans
4.	Frames	Western Integrated Materials or ICI Aluminum KD or Timely Steel Frames. Matching side light frames. Factory stock color and style to match existing.	As indicated on plans
5.	Hardware	Manufactured by Schlage, latchset ND-Series, Sparta Design brushed chrome or match existing at building (Passage at all interior)	Lock on suite entrance Upgrade: Interior Locks
6.	Suspended Ceiling System	Standard 2'x 4' Grid, 2' x 4' Second Look Tile by Armstrong Cortega, White Tiles or match existing.	Throughout U.O.N.
7.	Lighting Design/Build	2'x 4' Parabolic Drop-in fixtures or match existing. Cree LED's installed as required by Title 24. Lighting to be per Title 24 energy calculations.	1 each per 110 usable square feet maximum
8.	Wall Finishes	Smooth Wall level 4, one coat primer, two coats of Low Sheen paint,	Throughout U.O.N. Color "TBD"
9.	Window Covering	Horizontal Mini-blinds: Levelor Contract grade is building standard. Exterior windows only.	Exterior Windows only Upgrade: Interior Windows
10.	Vinyl Flooring	12"x12" Armstrong "Excelon" Standard Grade	As indicated on plans
11.	Electrical Power Design/Build	Duplex power receptacles: Wall mounted Typical Office Conference Room Break Room 3 dedicate circuits per 3000 sq ft for equipment <u>Open Office Workstations</u> Ceiling J-Box only or wall J-Box for base feed to electrified furniture partition.	White or Ivory Color 2 duplex receptacles 2 duplex receptacles 2 GFI duplex receptacles Zone Circuits per code As indicated on plans, or provision 3 (Three) Workstations per circuit
12.	Telephone/Data Rough Provisions and Trim Device	Combination telephone and data conduit stubbed above ceiling with ring and pull wire, wall mounted. Typical Office and Conference Room Open Office Area Cubical Workstations Telecom Closet: 1 120V dedicated outlet	Open wall ring only, tenant to provide trim device and terminations. 1 receptacle location As indicated on plans, or feed to cubical clusters 1 Sheet of Plywood for Phone System Mounting
13.	Glass Interior	Glass sidelight adjacent to interior door; 18"- 2' wide or match existing.	Locations shown on space plan
14.	HVAC System Design/Build	Variable air volume system with economizer cycle. Zoning based on window and interior exposure.	1 zone approx 1500 sq ft Complete Air Balance
15.	Fire Sprinkler Design/Build	Recessed heads. Chrome or White depending on building standard.	Throughout U.O.N.
16.	Cabinets	Plastic laminate, Wilsonart or Nevamar with White or Black melamine interiors. 6 Ln Ft in Break Room	Upper and Lower, or as indicated on plans

EXHIBIT C

COMMENCEMENT DATE MEMORANDUM

With respect to that certain lease ("Lease") dated _____, _____, between _____, a _____ ("Tenant"), and _____, a _____ ("Landlord"), pursuant to which Landlord leased to Tenant and Tenant leased from Landlord approximately _____ rentable square feet of space ("Premises") in the building located at _____, Tenant hereby acknowledges and certifies to Landlord as follows:

- (1) The Commencement Date is _____ and the Expiration Date is _____;
- (2) The Premises contain _____ rentable square feet of space; and
- (3) Tenant has accepted and is currently in possession of the Premises and the Premises are acceptable for Tenant's use.

IN WITNESS WHEREOF, this Commencement Date Memorandum is executed this _____ day of _____, 20____.

"Tenant"

a _____

By: _____

Name: _____

Its: _____

THIS PAGE IS FOR EXHIBIT PURPOSES ONLY.

PLEASE DO NOT FILL OUT.

EXHIBIT D

Common Area Rules and Regulations:

The following rules and regulations (these "**Rules and Regulations**") are hereby made a part of the lease agreement (the "**Lease**") entered into between Landlord and Tenant, and Tenant agrees that Tenant's employees and agents, or any others permitted by Tenant to occupy or enter the Premises, will at all times abide by these Rules and Regulations, unless otherwise specified or provided for in the Lease. Terms used but not defined herein shall have the meaning set forth in the Lease.

1. The driveways, entrances and exits to the Project, sidewalks, passages, building entries, lobbies, corridors, stairways, and elevators of the Building shall not be obstructed by Tenant, or Tenant's agents or employees, or used for any purpose other than ingress and egress to and from the Premises. Tenant or Tenant's agents or employees shall not loiter on the lawn areas or other common areas of the Project.
2. Furniture, freight equipment and supplies will be moved in or out of the Building only through the rear service entrances or other entrances designated by Landlord and then only during such hours and in such manner as may be reasonably prescribed by Landlord. Tenant shall cause its movers to use only the loading facilities and entrances designated by Landlord, and to use reasonable protective measures (e.g. Masonite covering for common area floors) to protect floors, wall, doors, etc. In the event Tenant's movers damage any part of the Building or Project, Tenant shall pay to Landlord the amount required to repair said damage upon Landlord's written request.
3. No safe or article, the weight of which may in the opinion of Landlord constitute a hazard to or damage to the Building or the Building's equipment, shall be moved into the Premises without Landlord's prior written approval, but such consent or approval shall not be unreasonably withheld, conditioned or delayed. Landlord and Tenant shall mutually agree to the location of such articles in the Premises. All damage done to the Project, Building or Premises by putting in, taking out or maintaining extra heavy equipment shall be repaired at the expense of Tenant.
4. Landlord reserves the right to close and keep locked any and all entrances and exits of the Building and Project and gates or doors closing the parking areas thereof during such hours as Landlord may deem advisable for the adequate protection of the Project and all tenants and occupants therein. Tenant is responsible for coordinating vendor access to mechanical rooms, telecommunication closets and other restricted areas with the building manager in advance during regular business hours.
5. Except as otherwise provided for in the Lease, no sign (including A-frame, banner or other non-permanent signs), advertisement or notice shall be inscribed, painted, affixed, placed or displayed on any part of the inside or outside of the Building unless of such color, size and style and in such place upon or in the Building as shall be first approved in writing by Landlord. No furniture or other items shall be placed in front of the Building or in any lobby, restroom or corridor without the prior written consent of Landlord. Landlord shall have the right to remove all non-permitted signs, furniture and other items without notice to Tenant.
6. Tenant shall not employ any person or persons other than the janitor or cleaning contractor of Landlord for the purpose of cleaning or taking care of the Premises without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Except as otherwise provided in the Lease, Landlord shall in no way be responsible to Tenant for any loss of property from the Premises, however occurring. Landlord shall be allowed admittance to the Premises in accordance with the provisions set forth in the Lease. The janitor of the Building may at all times keep a pass key to the Premises if Landlord is providing janitorial service for the Premises.
7. Water closets and other water fixtures shall not be used for any purpose other than that for which the same are intended, and any damage resulting to the same from misuse on the part of Tenant or Tenant's agents or employees, shall be paid for by Tenant. No person shall waste water by tying back or wedging the faucets or in any other manner.
8. No animals except as otherwise required by applicable Laws shall be allowed on the lawns or sidewalks or in the offices, restrooms, halls, and corridors of the Building. Tenant shall be responsible for any inappropriate behavior of any animals brought onto the Project by its employees, invitees and contractors, and in no event shall aggressive animals be allowed.

9. Tenant shall conduct its business in a quiet and orderly manner so as not to create unreasonable noise. Should sound mitigation measures be required due to sounds originating in the Premises, the costs of such measures shall be paid for by Tenant. No loud speakers, televisions, radios, or other devices shall be used in a manner so as to be heard or seen outside of the Premises without the prior written consent of the Landlord. Tenant's machines or equipment that cause noise or vibration that maybe transmitted to the structure of the Building or to any space therein, and that is objectionable to Landlord or to any tenants in the Building, shall be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate noise or vibration.
10. Bicycles or other vehicles, other than wheel chairs, shall not be permitted in the offices, halls, corridors and lobbies in the Building nor shall any obstruction of sidewalks or entrances of the Building by such be permitted.
11. Tenant shall not allow anything to be placed on the outside of the Building, nor shall anything be thrown by Tenant or Tenant's agents or employees, out of the windows or doors, or down the corridors, ventilation ducts or shafts of the Building. Tenant, except in case of fire or other emergency, shall not open any outside window.
12. Except as approved in writing by Landlord, no drapes, curtains, shades, screens, films or other coverings of any nature shall be hung at, applied to or used in connection with any window or exterior door on the Premises. Tenant shall not place anything against or near the glass partitions, doors or windows in the Premises which may appear unsightly from outside the Premises. Tenant shall not obstruct the windows, glass doors, lights or skylights that shine, reflect or admit light into the Building. All blinds or other window coverings approved by Landlord are to be fully extended at all times so as to provide consistent appearance and assist with energy conservation.
13. No awnings shall be placed over any window or entrance.
14. All garbage, including wet garbage, refuse or trash shall be placed by Tenant in the receptacles designated by Landlord for that purpose. Tenant shall not place in any trash or receptacle any material which cannot be disposed of in the ordinary and customary manner of trash and garbage disposal within the Building, such as furniture and other large items. Dumping of garbage or other items or materials within the Project, including designated refuse collection areas and parking lots, is prohibited. Tenant shall not burn any trash or garbage at any time in or about the leased Premises or any area of the Project. Tenant and Tenant's officers, agents, and employees shall not throw cigar or cigarette butts or other substances or litter of any kind in or about the Project.
15. Tenant shall not install or operate any steam or gas engine or boiler, or other machinery or carry on any mechanical business, other than such mechanical business which normally is identified with general use in the Premises. Explosives or other articles of an extra hazardous nature shall not be brought into the Building complex.
16. Any painting or decorating as may be agreed to be done by and at the expense of Landlord shall be done during regular weekday working hours. Should Tenant desire such work on Saturdays, Sundays, holidays or outside of regular working hours, Tenant shall pay for the extra cost thereof, if any.
17. Tenant and Tenant's agents and employees shall not park in any spaces designated for visitor parking or otherwise reserved for others, and, if applicable, shall park their vehicles in areas designated from time-to-time by Landlord for employee parking. Overnight parking is prohibited except as expressly permitted in Tenant's lease. If permitted, overnight parking is subject to the prior approval of the building manager and must be in the area designated by the building manager. Any vehicles parked overnight without authorization may be towed at Tenant's expense. Parking areas shall be used solely for the parking of passenger vehicles and shall not be used for the parking or storage of commercial vehicles, trailers, storage containers or other items. No vehicle shall be parked in more than one parking space at a time.
18. Tenant shall not mark, drive nails, screw, bore, or drill into, paint or in any way deface the common area walls, exterior walls, roof, foundations, bearing walls, or pillars without the prior written consent of Landlord. The expense of repairing any breakage, stoppage or damage resulting from a violation of this rule shall be borne by Tenant.
19. No waiver of any rule or regulation by Landlord shall be effective unless expressed in writing and signed by Landlord or his authorized agent.
20. Tenant shall be responsible for cleaning up any trash blowing around their facility that

may have been left by their customers or employees.

21. Tenant and its guests and invitees must observe all signage regarding smoking and vaping, and may only smoke or vape in designated smoking areas. Smoking and vaping are prohibited at the entry to each Building in accordance with applicable law.

22. Tenant shall not cause or permit any obnoxious or foul odors that disturb the public or other tenants, whether by transmission through the Building HVAC system or otherwise. Should such odors be evident, Tenant shall be required to take immediate steps to remedy them upon written notice from Landlord.

23. Tenant shall not use any method of heating or air-conditioning other than that supplied by Landlord unless Tenant receives the prior written consent of Landlord. Tenant shall cooperate fully with Landlord to assure the most effective operation of the Building's heating and air-conditioning systems, and to comply with any governmental energy-savings rules, laws or regulations. Tenant shall not adjust controls for the the Building's heating and air-conditioning systems other than room thermostats installed for Tenant's use.

24. Canvassing, soliciting and distributing handbills or any other written material and peddling in the Building or on or about the Project are prohibited, and Tenant shall cooperate with Landlord to prevent these activities.

25. Tenant shall not store any materials or items outside of the Premises without the prior written consent of Landlord.

26. Tenant shall not install any telephones, burgler alarms or other equipment that tie into or otherwise affect the electrical, life safety or other systems of the Building without the prior written consent of Landlord. All approved installations shall comply with Landlord's specifications and conditions, and shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental body.

27. In the event of any conflict between these Rules and Regulations or any further or modified rules and regulations from time to time issued by Landlord, and the Lease provisions, the Lease provisions shall govern and control.

Landlord reserves the right at any time to change or rescind any one or more of these Rules and Regulations, or to make such other and further reasonable rules and regulations as in Landlord's judgment may from time to time be necessary for the management, safety, care and cleanliness of the Premises, and for the preservation of good order therein, as well as for the convenience of other tenants and occupants of the Project. Landlord shall not be responsible to Tenant or to any other person for the non-observance or violation of these Rules and Regulations by any other tenant or person. Tenant shall be deemed to have read these rules and Regulations and to have agreed to abide by them as a condition to its occupancy of the space herein leased, and Tenant shall abide by any additional rules and regulations which are ordered or requested by Landlord or by any governmental authority.

EXHIBIT E



Basin Street Properties Construction Policies and Procedures

The following constitutes the construction policies and procedures for all work performed on properties managed by Basin Street Properties ("BSP"). This establishes a general outline of our policies for and procedures in the typical processes required for construction and are subject to change at BSP's discretion. Any questions regarding the following should be immediately directed to the BSP Construction Manager. The BSP Construction Manager may authorize deviations from these procedures from time to time, but all such deviations shall only be effective on written requests submitted in advance and by way of written response.

I. COVID-19 REGULATIONS

All work shall be conducted pursuant to County requirements governing COVID-19. For work conducted in an occupied Tenant space, the adherence to Tenant requirements for access and work performance shall be mandatory. Facial covering is required by all workers at all times while in common areas of the buildings and within tenant occupied spaces. Refer to attached BSP Cares Covid-19 Prevention Policy.

II. ADMINISTRATION

Contractors shall notify the responsible Construction/Property Management personnel in writing at 316 California Ave, #350, Reno, NV 89509 and fborges@basin-street.com at least 24 hours in advance of starting any work – a "daily look-ahead" schedule shall be sent to the Construction Manager and property management team by 3:00pm the day prior for work the next day. No exceptions. This notification shall include the identification of contractors onsite, duration of work, a description of the work to be performed and contact information for contractor's on-site representative in charge during the timeframe.

Prior to the start of any services or construction work, Contractor shall submit for approval to Construction/Property Management Certificates of Insurance for Contractor and any subcontractors, a copy of the project schedule, contact information for Contractor's Superintendent and all subcontractors, MSDS for any products to be used during construction, and a signed copy of these Basin Street Properties Construction Policies and Procedures.

Specific Insurance Requirements for the property, including information on additional insured requirements and certificate holder are provided as Exhibit B in the contract.

Two (2) full sets of construction documents are required to be submitted to the Building Management Office at least 10 days prior to the start of construction. BSP Construction Manager, Property Manager and Chief Engineer shall have at least five (5) business days to review the documents for compliance and any revisions. Approval of the documents may be subject to change based on new information presented to management.

A preconstruction and kick-off meeting will be required prior to the start of any major construction project. Construction/Property Management, the building's Chief Engineer and the Contractor will be required to attend. The General Contractor shall be responsible for scheduling and taking meeting notes for this preconstruction meeting and any subsequent meetings following, which may occur weekly or bi-weekly depending on BSP Construction Manager's requirements. Items to cover for the preconstruction meeting include the timing and logistics of work, building access, safety controls and measures, review of the building Rules & Regulations, and the existing condition of building common areas. Photographs of existing conditions may be taken and are encouraged for submittal to Construction/Property Management to include in the project file.

24-hour advance notification to Construction/Property Management of all subcontractors working in the premises and the nature of any work being performed will be required. These notifications must indicate if bypass of smoke detectors, sprinkler shut down, or hot work will be required. It is preferred that a memo be emailed daily for next day work with this information to the attention of the BSP Construction Manager, Fabrian Borges fabrian@basin-street.com with a copy to the property management team.

Any issues identified by Contractor during construction which may affect either the performance of the work not originally anticipated, shall be brought to the attention of the BSP Construction Manager upon discovery. Any changes that require additional work, not described in the bid shall be effective only once approved in writing by Construction/Property Management. It is presumed that any contractors engaged to perform work have prior to submitting their proposal surveyed existing conditions and have taken these into account in context with the anticipated work.

Basin Street Properties Construction Policies and Procedures

Upon completion of work, and as a condition for release of final payment, Contractor shall provide Construction/Property Management with two copies of all as-built construction documents to include at a minimum mechanical, electrical, plumbing, and fire sprinkler drawings (both in paper form and CAD file for any design/build work), updated electrical panel schedules, complete finish schedule ("match existing" is unacceptable), air and water balance reports, warranties, and O&M manuals for any new equipment. An air balance report reflecting actual supply air distribution will be required whenever the existing HVAC air distribution is modified in any way. A water balance report reflecting actual water flow values is required for any new perimeter reheat VAV. The building's EMS system graphics (including floor plans and mechanical system components) and programming is required to be updated whenever there are any changes – if applicable.

General Contractors shall be responsible for ensuring that all subcontractors or other service providers are advised of and will adhere to these Construction Policies and Procedures.

III. INSURANCE, MSDS, LOCK OUT TAG OUT, and HOT WORK/IMPAIRMENT REQUIREMENTS

While performing services at the Property, all contractors and any subcontractors are required to carry and maintain general insurance coverage in accordance with the Vendor/Contractor Insurance Requirements of the Construction Contract (Exhibit B). An approved certificate of insurance must be on file with the Construction/Property Management Office for access to be granted and construction to begin – no exceptions.

The General Contractor is responsible for ensuring that all subcontractors maintain the appropriate insurance while performing services at any property managed by Basin Street Properties. The insurance requirements will be strictly enforced. There will be no exceptions to this coverage.

As required under OSHA's Hazard Communication Standard (29 CFR 1910.1200), all subcontractors are to provide the Construction Manager with MSDS's (Material Safety Data Sheets) for any and all hazardous materials they might use or bring on site as part of their routine tasks. Please note that consumer products (copy machine toner, scouring cleanser, etc.) are not covered by the Standard.

Prior to performing any work, please forward to the property management office the following:

- A list of all hazardous materials used or stored. Including materials with odor such as carpet glue, paint, adhesives, caulk, etc.
- An MSDS for each product. These can be obtained from the manufacturer or supplier of the product.

Lock out tag out procedures will be strictly enforced. Electrical contractor will be required to provide documentation of their lock out tag out policy and procedures or arrange for their personnel to be trained on any Basin Street Properties lock out tag out procedures. This training will be provided by the building's Chief Engineer, if contractor's policy is less stringent.

A hot work permit must be issued prior to engaging in any work that would create heat, sparks, or an open flame. Only BSP building engineering personnel can issue a hot work permit. Training on Hot Work Permit procedures and requirements will be provided as needed by the building's Chief Engineer.

A red tag permit must be issued prior to any fire sprinkler or fire alarm impairment. Only building engineering personnel can issue a red tag permit. Training on Red Tag Permit procedures and requirements will be provided as needed by the building's Chief Engineer.

IV. BUILDING FACILITIES COORDINATION

After the project kick off, access to the Suite under construction will be the responsibility of the Tenant or General Contractor. A construction Suite key and building access card may be picked up from the property management. Additional building access keys may be checked out to the General Contractor to allow for subcontractors to move workers and materials into and out of the building outside of normal business hours, without propping building entrance doors, which is strictly prohibited. Building doors are never to be propped open.

Advance notice of 48 hours is required for potential access into another tenant's Suite. This work must be performed off-hours. Contractors must identify the scope of work and reason for access, duration of time needed in their space and the Contractor is responsible for securing the space upon completion of work, as well as any cleaning required as a result of their work. The space

Basin Street Properties Construction Policies and Procedures

must be left in the same, or better condition than found. Should the tenant require a Security guard, or BSP employee to stand-by during this time, this costs to do so shall be the responsibility of the Contractor.

The General Contractor must provide for the removal of all trash and debris arising during construction. Upon Construction/Property Management approval, the General Contractor may place a dumpster in the parking lot for construction debris (location to be approved by Construction Management, Property Management, or Engineering). Dumpsters are to be set on wood cribbing to prevent damage to asphalt during placement and removal. At no time are the building's dumpsters to be used for disposing of construction materials.

All deliveries of material will be made outside of the building's normal business hours of 7:00am to 6:00pm Monday through Friday. In addition to material deliveries, the following activities will be required to be performed outside of normal business hours:

1. Anchoring of walls or supports to the concrete deck
2. Core drilling
3. Using powder actuated tools
4. Laying of tack strips
5. Painting/staining (includes spray painting of floor for layout and floor monuments), snapping chalk lines is preferred
6. Glue down carpet installation
7. Cutting/threading of sprinkler pipe within building
8. Installation of millwork (fabrication of millwork is to be done off-site)
9. Saw cutting of any concrete, stone, or metal
10. Life Safety audible device testing
11. Performance of any construction activity producing other loud noise
12. The application of any odor-producing product, i.e. adhesives, cleaning products, etc.

Note: This is not a complete list of activities that must be performed outside of normal business hours. In general, Contractor shall not make or permit any unnecessary annoyance to occupants of the property, and shall minimize the affects of necessary work impacts by scheduling such activities to avoid disturbance to occupants. This applies especially to any work that is significantly noisy, odorous or dust generating, smelly, or creating hazardous conditions, which shall be scheduled outside of normal business hours. Every effort will be made to accommodate construction activities during normal business hours, however, if construction activity is disruptive enough to impact the business operation of a neighboring Suite, the activity will have to be stopped. Deviations from building standards must be approved by BSP in advance.

V. HOUSEKEEPING & GENERAL REQUIREMENTS

GOOD HOUSEKEEPING RULES AND REGULATIONS WILL BE STRICTLY ENFORCED. CONTRACTORS OR SUBCONTRACTORS WHO DO NOT OBSERVE THE CONSTRUCTION POLICIES MAY BE EXCLUDED FROM PERFORMING WORK WITHIN ANY BSP MANAGED BUILDING.

Suite entrance doors are to remain closed at all times, except when hauling or delivering construction material. Walk-off or sticky mats shall be placed at all interior sides of suite doors so that feet may be wiped or construction dust removed from shoes upon entering common area. Magnetic-held doors and doors off of main corridors must never be obstructed. This is a life safety/fire code violation.

All construction done on the property that requires the use of lobbies or common area corridors as the path of travel will have carpet protection for all carpet within the path of travel. This includes carpet within elevators. Extra heavy duty, non-slip and self adhering Mylar is preferred. Masonite will be required to protect lobby floors and other hard surfaces that could be damaged by heavy deliveries. When used, Masonite must be taped to floor and adjoining areas. All corner edges and joints are to have adequate anchoring to provide safe and "trip-free" transitions. Do not block operation of any doors.

Prior to any demolition, pre-filters must be installed in return air openings. If return air openings are too large to filter, pre filters must be installed in filter bank for the A/C unit serving the construction area.



Basin Street Properties Construction Policies and Procedures

Restroom washbasins are not to be used to fill buckets, make pastes, wash brushes, etc. If facilities are required, arrangements for utility closets can be made with the management office in advance.

Food and related lunch debris are not to be left in the Suite under construction.

Construction/Property Management reserves the right to refuse access to anyone wearing inappropriate clothing, or who doesn't conduct themselves in a professional manner.

Contractors are responsible for any damage caused to others work, the building, or building finishes.

Access to the roof may require prior arrangements with BSP Construction/Property management.

During building hours, the building entrances, driveways, reserved parking stalls must remain clear and not be taken up for deliveries, contractor parking, or materials. Parking areas for contractor employees and material storage and staging areas shall be established in advance with the BSP Construction Manager or Property Manager.

No bicycles, or animals of any kind (other than certified service animals) shall be brought into, or kept about the premises.

No weapons, explosives, combustibles, or other hazardous devices allowed on the premises. No exceptions.

Smoking is permitted at designated areas only and no alcohol is to be brought onto the premises at any time.

Any signage to be posted, must be approved by the Construction/Property Manager in advance. Management reserves the right to remove any signage at any time.

No radios, or loud music.

Contractors are to provide restroom facilities for use by construction personnel. Building restroom facilities are not to be used by Contractors, or their subcontractors. The location of temporary facilities is to be approved in advance by Construction/Property Management. All such facilities to be secured after work hours.

All areas that the General Contractor, or their subcontractors are performing work must always be kept broom clean. All common areas are always to be kept clean and clear of building materials. Prep work, cutting or staging of materials, etc. is not allowed in common areas. Any mess made in common areas due to hauling construction debris or materials or footprints must be cleaned up immediately. General Contractor will be responsible to provide a vacuum cleaner for this purpose. Final cleaning of Suite will include, but is not limited to, blowing out smoke detectors with micron filtered air, dusting of all windowsills, window coverings and light diffusers, cleaning of cabinets and sinks, and clearing acoustical ceiling area of any excess ceiling tiles or other construction debris.

As a result of construction, the common areas may need special attention to restore such to building standards. Contractor shall arrange to walk with Construction/Property Management prior to beginning work and upon completion. Take note of any preexisting damage to common areas and determine if repairs or special cleaning are required at completion.

Contractor and any subcontractor use of the property for any activity other than conducting the work required of contractor is strictly prohibited.

Should contractor detect any materials that may be considered as hazardous or dangerous, contractor to notify BSP Construction Manager before disturbing such material.

Use of freight or passenger elevators shall be scheduled in advance with the BSP Property Management office. Temporary protection with Masonite panels and elevator pads shall be installed by Contractor, and Contractor shall be responsible for any damage arising from such use.

Basin Street Properties Construction Policies and Procedures

VI. CONSTRUCTION REQUIREMENTS

GENERAL CONSTRUCTION

Standard base building power will be provided to the contractor at no cost, provided contractor's use is limited to the work required of contractor.

All keying of locksets and all connections to the Fire Alarm/Life Safety System shall be performed by contractors or vendors designated by BSP Property Management. In some cases, roofing and fire sprinkler work is similarly limited.

FIRE/LIFE SAFETY

All applicable Fire/Life Safety and Building Codes will be strictly enforced (i.e., tempered glass, fire doors, fire/smoke dampers, exit signs, smoke detectors, strobes, alarms, etc.). A building engineer must be present to test any new life safety devices. 24 – 48 hours, prior coordination with the building's Chief Engineer is required. Testing of audible devices must be scheduled outside of normal business hours. Any penetrations in floors/ceilings or fire rated walls will require sealing with a UL listed fire stop. An approved temporary seal is required until the work is completed. Upon completion of construction, a permanent seal is required.

During demolition, any smoke detectors in the area must be bypassed and covered to prevent contamination. Building engineers will perform bypasses as required, but it is the contractor's responsibility to ensure that smoke detectors are covered during work and then uncovered at the end of each shift. Any time smoke detectors are bypassed and covered, the contractor will be responsible to provide fire watch.

If the building sprinkler system needs to be drained, advance approval by BSP's Chief Engineer is required. A red tag permit will be required and hot work will be prohibited in the area during any impairment of the sprinkler system. If this work is performed after hours, any overtime engineering fees will be the responsibility of the General Contractor. The General Contractor will also be responsible to provide fire watch during any impairment.

Any wall penetrations must be patched in a manner as to maintain the rating of the wall.

All panel programming to be performed by BSP's preferred Contractor. Coordination with BSP's Chief Engineer required in advance.

ELECTRICAL

Lighting circuits will be dedicated to Suite and entry switches are required throughout space. Any work on lighting or plug load circuits that could potentially impact neighboring Suites will be performed outside of normal business hours. Lighting design must clearly indicate night light fixture locations.

All affected electric panel schedules must be typewritten and brought up to date, identifying all new circuits added.

All runs are to be in conduit.

In most cases, the space above ceiling is return air plenum and therefore the use of PVC and other flammable material not labeled for use in such area is not to be used.

All "J" boxes are to be labeled with voltage, panel, and circuit numbers.

On remodeling work, any wiring, including communication cable, conduit, etc. that is not going to be re-used MUST BE demolished out to original point of connection.

All electrical outlets and lighting circuits are to be properly identified. Outlets shall be labeled on backside of cover plate.

Floor scans may be required prior to coring. Any scans required shall be the Contractor's cost.



Basin Street Properties Construction Policies and Procedures

All low voltage wiring is to be plenum rated and shall not rest on ceiling tiles, fire sprinkler lines, ductwork, VAV boxes, or conduit and must be supported properly from the deck above with j-hooks or cable tray as may be required. Under no circumstances should the cabling run through building dampers and should not penetrate rated walls without a conduit sleeve and fire rated caulking to maintain rating.

All electrical and phone closets being used must have panels replaced and doors shut at the end of each day's work. Any electrical closet that is opened with panel exposed must have a work person present. Electrical room doors must not be propped open without someone present.

All electricians, telephone cable installation personnel etc., will upon completion of their respective projects, pick up and discard their trash leaving the telephone and electrical rooms clean. If this is not complied with, the building janitors will conduct a clean up, and the General Contractor will be back charged for this service.

PLUMBING

Only commercial grade, ADA compliant fixtures/appliances shall be installed. Residential grade is not acceptable.

Adjustable trap primers must always be installed, where applicable.

An isolation valve must be installed for any new water supply and the ceiling location tagged to identify the shut-off valve. The use of flexible tubing, unless of braided stainless steel, is prohibited.

HVAC

Only building standard grills and diffusers are to be installed. Any room with a door, which is larger than a 4' x 6' closet, must have a return air grill. Flags must be used to identify any balancing dampers installed in ductwork. All VAV boxes, controls, ductwork must match building standard. Any VAV boxes, ductwork, exhaust fans, or supplemental cooling units not being utilized MUST BE demolished out to original point of connection. Any equipment above ceiling visible through return air grilles must be painted flat black.

Service access to existing equipment shall not be hampered or obstructed by added equipment or any installation required of contractor.

A preliminary inspection of the HVAC work in progress will be scheduled through the Management Office prior to the re-installation of any removed ceiling grid. The General Contractor must schedule this with the Chief Engineer.

Supplemental A/C units will require sub meter (Emon-Dmon) to determine billable electrical consumption. Review installation and location for such meters with building's Chief Engineer prior to any work. Roof curbs and penetrations will be performed by BSP approved roofing contractor only. Any roof top equipment must be labeled with Suite number and installation date. The Contractor is responsible for maintaining the integrity of the roof and providing a watertight seal at any penetrations.

All programming of controls will be performed by BSP's preferred Contractor. No exceptions.

Water source reheat VAV's will require water balance valves, air vents, and strainers.

Contractor's signature below indicates acknowledgement and understanding of the BSP Construction Policies and Procedures.

Contractor's Name: _____

Contractor's Signature: _____

Date: _____



Basin Street Properties Construction Policies and Procedures

Vendor Work Request Form

This Form must be completed entirely. Work may not be permitted if the form is incomplete. Hot Work, Life Safety System shut down, and work requiring the Engineering Staff on site will require 24-hour prior notice.

Contractor requesting disablement of Fire & Life Safety Systems is responsible for fire watch of the building during the entire requested time window or until confirmation is received that the fire system operation has been restored to normal.

Please check one: ☐ Building Contractor ☐ Tenant Contractor

Sub-Contractors: _____

- ☐ Hot Work (24-hour notice required) ☐ Life Safety System (24-hour notice required)
☐ Electrical Power Shutdown (24-hour notice required) ☐ Natural Gas Shutdown (24-hour notice required)
☐ Building Water Supply Shutdown (24-hour notice required)
☐ Other (please describe): _____

Name: _____ Phone: _____

Date: _____

Date: _____

FORM TO BE RETURNED TO THE CONSTRUCTION OR PROPERTY MANAGER.



**Basin Street Properties
Construction Policies and Procedures**



**BSP CARES
COVID-19
Prevention Policy for
BSP Contractors &
Vendors**

<https://www.osha.gov/Publications/OSHA3990.pdf>

1

Basin Street Properties Construction Policies and Procedures

BSP Recommendations for Prevention & Spread of Covid-19

- Wash hands frequently – use soap and water for a minimum of 20 seconds and if soap and water isn't available, use hand sanitizer (minimum of 60% alcohol) and rub hands together until dry
- Maintain social distancing of at least 6' whenever possible
- Avoid touching your face; specifically your eyes, nose and mouth
- If you're feeling ill, stay home and encourage others to do the same
- Confirm facial covering requirements with your CM/PM before entering BSP buildings and tenant occupied Suites – facial coverings are required in common areas and tenant occupied spaces
- Use signage to help encourage subcontractors to wear facial coverings while onsite and in tenant occupied spaces
- Train your employees to recognize the symptoms of Covid-19
- Train your employees on proper use of PPE
- Notify your BSP CM/PM immediately if anyone who has visited a BSP property, or project exhibits symptoms, or tests positive for Covid-19
- Stay up-to-date on the latest information distributed by the CDC/OSHA and encourage subcontractors to do the same

2



⁴⁶ a copy of this packet will be sent to each GC as part of the Building Rules & Regulations. All contractors, subcontractors and vendors must comply. Should you have any questions, or concerns please reach out to your CM/PM in advance of starting work at any BSP facility

3

EXHIBIT F

PAYMENT INSTRUCTIONS

Beneficiary's Name:	Gateway Oaks Investors LLC
Beneficiary's Address:	316 California Avenue #350 Reno, NV 89509
Beneficiary's Phone #:	(775) 954-2900
Beneficiary's Bank Name:	First Republic Bank
Bank Address:	111 Pine Street San Francisco, CA 94111
Bank Phone #:	(707) 251-4102
Beneficiary's Account #:	80010371492
ABA Routing #:	321081669

Topic: Legislative and Regulatory Update
Type: New Business
Item For: Information/Discussion
Purpose: Policy 100.5 and Strategic Plan Priority- Advocacy Objective A

SUBMITTED BY:	Ryan Ojakian Legislative and Regulatory Affairs Manager	PRESENTER:	Ryan Ojakian Legislative and Regulatory Affairs Manager
---------------	---	------------	---

EXECUTIVE SUMMARY

Staff will provide an oral update for the Board on significant bills and topics introduced in the legislature this year including SB 659 (Ashby D- Sacramento) that RWA is co-sponsoring.

STAFF RECOMMENDED ACTION

None. This item is for information/discussion only. Staff will provide an update on the Legislative issues.

BACKGROUND

Staff is tracking approximately 100 bills of the over 2700 bills introduced this year. With a broad brush the biggest topics there is legislation on are storage, groundwater, bonds and water rights. There are bills of interest beyond those topics, what sets those issues a part is the significant effects the legislation could potentially have and the volume of bills on the topics.

Additionally, RWA is co-sponsoring SB 659 (Ashby D- Sacramento) with the California Association of Wine Grape Growers. The bill establishes a goal of 10 million acre-feet of groundwater recharge in wet years.

FINDING/CONCLUSION

This item is being presented for informational purposes only.

Topic: Water Bank Project Update
Type: New Business
Item For: Presentation/Information
Purpose: Routine

SUBMITTED BY: Trevor Joseph
Manager of Technical
Services

PRESENTER: Trevor Joseph
Manager of Technical
Services

EXECUTIVE SUMMARY

Trevor Joseph, Manager of Technical Services, will provide a PowerPoint presentation to the RWA Board of Directors on the Water Bank Project.

STAFF RECOMMENDED ACTION

None. This item is for information only.

BACKGROUND

In May 2019, RWA completed a Regional Water Reliability Plan (RWRP), which identified vulnerabilities of our region's water resources and potential actions to reduce those vulnerabilities. The primary recommendation of the RWRP was to establish a Regional Water Bank as a means of expanding conjunctive use of surface water and groundwater to adapt to future climate conditions.

Since June 2019, RWA has been working on scoping and securing funding for the Sacramento Regional Water Bank (SRWB) through subscription programs in two phases. The scope, schedule, and budget of the Water Bank planning have evolved through time, but both program phases remain active.

On December 16, 2022, RWA staff met with the SRWB Program Committee to kick off the planning and technical work to complete a federally recognized water bank in two years. RWA staff working on behalf of the SRWB Program Committee have completed multiple public meetings, developed and implemented a comprehensive communication and outreach strategy, advanced the project scoping/description, made improvements to technical tools necessary to evaluate the effects of water banking operations, engaged state, federal and potential external partners, and procured the consultants necessary to advance this project. Staff will provide the Board with an overview of completed activities and highlight near-term and longer term SRWB work elements.

Topic: Executive Directors' Report
Type: New Business
Item For: Information
Purpose: General

SUBMITTED BY: Jim Peifer
Executive Director

PRESENTER: Jim Peifer
Executive Director

EXECUTIVE SUMMARY

This is an information item for the Executive Director to provide a briefing on important activities, reports, communications, advocacy, and other updates.

STAFF RECOMMENDED ACTION

None. This item is for information/discussion only.

BACKGROUND

This agenda item is a standing item to provide an opportunity for the Executive Director to report to the Executive Committee on important activities, reports, communications, advocacy, and other updates.

Communications and Outreach – New Assembly Member and Senator “meet and greets” have been occurring. RWA staff have met with Senator Ashby and Senator Niello as well as Assembly Members Patterson, Hoover, and Alvarado-Gil. RWA staff met with Assembly Member Nguyen’s staff.

Mr. Peifer and Mr. Sean Bigley were interviewed as part of a video podcast Public CEO Report, which focuses on public policy, current events, professional and personal experiences of local government staff and the challenges facing local government entities.

The 2nd Stakeholder Forum for the Sacramento Regional Water Bank took place on Monday, February 13, 2023, 6 to 8 p.m. Key topic areas for this forum were to present Water Bank goals, objectives, principles and constraints.

Funding – RWA was awarded \$3 million to fund an indoor fixture installment program for disadvantaged communities and a climate-resilient yard transformation program from the California Department of Water Resources. The yard transformation program will reduce outdoor water use by providing rebates to residential, commercial and institutional properties,

Agenda Item 8



while the indoor fixture project will directly replace inefficient indoor fixtures in disadvantaged community areas.

Voluntary Agreements - On February 8, the Regional Water Authority, on behalf of American River water suppliers, submitted comments on the Draft Scientific Basis Report Supplement in Support of Proposed Voluntary Agreements for the Sacramento River, Delta, and Tributaries.

ACWA DC - Executive Director Peifer joined RWA members February 28-March 2 in advocating for RWA member interests for priority projects during the [ACWA DC2023 Conference](#).

Topic: Board Directors' Comments
Type: New Business
Item For: Information
Purpose: Routine

SUBMITTED BY: Jim Peifer
Executive Director

PRESENTER: Tony Firenzi
Chair

EXECUTIVE SUMMARY

This is an information item to provide an opportunity for the RWA Executive Committee to report on any updates from their agency, comments, request future agenda items, recommendations, and questions.

STAFF RECOMMENDED ACTION

None. This item is for information only.

BACKGROUND

This agenda item is a standing item to provide an opportunity to report on any updates from their agency, comments, request future agenda items, recommendations, and questions.